



Province of Alberta

The 29th Legislature
Second Session

Alberta Hansard

Monday evening, May 30, 2016

Day 35

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature
Second Session

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Party standings:

New Democrat: 54 Wildrose: 22 Progressive Conservative: 9 Alberta Liberal: 1 Alberta Party: 1

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Legislative Assembly of Alberta

7:30 p.m.

Monday, May 30, 2016

[The Speaker in the chair]

The Speaker: Please be seated.

Government Bills and Orders Third Reading

Bill 10 Fiscal Statutes Amendment Act, 2016

Mr. Hanson moved that Bill 10 be amended by deleting all the words after “that” and substituting the following:

Bill 10, Fiscal Statutes Amendment Act, 2016, be not now read a third time because this Assembly has not received satisfactory evidence or assurances that the government is prepared to take the necessary measures to see Alberta’s triple-A credit rating restored by the credit-rating agencies.

[Debate adjourned on amendment May 26: Mr. Smith speaking]

The Speaker: The Member for Drayton Valley-Devon is not present yet.

Are there any other members that would like to speak to Bill 10, amendment RA1, I believe? Is that correct? The Member for Cardston-Taber-Warner.

Mr. Hunter: Mr. Speaker, I would like to speak about the amendment to the Fiscal Statutes Amendment Act, and I would like to talk about the issue here, which is that this government’s fiscal record is in free fall. We have a situation where investor confidence, business confidence is at an all-time low. We’ve had four credit downgrades in a year, and the reality is that these downgrades don’t come just because of the price of oil, as the opposite side likes to say, but they come because there is no foreseeable plan to stop this spending spree. There is no plan from this government set forward to be able to fix the financial straits that this province is in. In reality, we have a spending problem in this government, and it is a chronic problem that needs to be addressed. Until this problem is addressed, I believe that these credit ratings will continue to be downgraded. This is disconcerting, to say the least.

Just to look back at what we’ve seen in the last year, it wasn’t long ago that this government touted their 15 per cent debt limit, that it was the right limit, that it was what was sustainable, and that it would be palatable to the credit agencies. Now we’re in a situation where we’re not talking about 16 per cent, 17 per cent, or 20 per cent. We’ve removed the limit. Again, even at 15 per cent, which they said was acceptable to all the pundits – now we’re in a situation where they seem to have complete disregard to our financial situation, complete disregard to the fact that these credit agencies will not continue to put up with it and that we are losing businesses right, left, and centre.

You know, being in the position I’m in, the critic for jobs and labour, I get up-to-the-date information about the businesses that are not investing, up-to-the-date information on the businesses that are leaving, that are going to Saskatchewan, that are leaving the province, the place that they’ve called home for decades. This is concerning and should be concerning to this government. It should be concerning to the government because these are the people and the jobs that they supposedly are championing. I don’t understand – and I have tried to understand over the last year – how this government plans on creating all of these jobs when all we see is a continual loss of jobs.

Now, the reason why I am in favour of this amendment is because we need to get back to listening to the professionals and back to the people who understand how to be able to create jobs and create opportunities in this province. This government needs to start listening. If we can get the professionals and the people who have done this for a living for decades and we can get the collective group together that has the best practices and understands how economies work, we might be able to figure out some ideas about how to bring back the Alberta advantage again.

Now, I know that you call it the Alberta way, but there was a time in Alberta, called the Alberta advantage, that really was a prosperous time for Albertans. You know, we made mistakes. We had issues in Alberta. It’s true we made mistakes and we had issues, but it was a place where people still had jobs. It was a place where we had excellent growth. We competed with juggernaut states like Texas in terms of growth rates. Now we need to get back to that, Mr. Speaker. The only way that we’re going to be able to do that is if we put a plan together. Right now this government has no plan in order to be able to pay off debt. Racking up debt without a plan is foolhardy. It is not something that Albertans voted this government in to do.

Now, they’ve talked about an infrastructure deficit. I agree. There’s an infrastructure deficit in Alberta. This is something that we need to address. In order to be able to address this problem responsibly, we need to be able to say to Albertans that if we invest this way, this will be the return on your investment, this is what will be able to help the society we live in, but we’re going to tell you how we’re going to pay it off.

We have asked questions in this House numerous times, Mr. Speaker, about what the plan is to pay off the debt. What is the plan to be able to get your financial house in order so that you can say that we don’t have a deficit this year? This is something that this government and, quite frankly, the last four sessions of the previous government were not able to do. That’s something that Albertans are saying: look, it’s expected of us in our own homes; it’s expected of the government.

Mr. Speaker, Bill 10 is one of many bad policies that this government has brought in that has shaken consumer and investor confidence. We have to get back to allowing these investors and consumers the confidence that they need in order to be able to provide these jobs that we need.

Now, Mr. Speaker, I think that it is completely reasonable to send this to committee, to send this bill to a body of individuals, of business owners, of economists that can be able to put together, restructure, or, as the minister of economic diversification and whatever that is likes to say, pivot from a system that didn’t work to a system that will work. You know, we’ve seen the government do this in the past. I’m glad that they recognized the fault in their first jobs plan and have pivoted to another jobs plan, which I don’t really buy into. But wouldn’t it be a good idea now, at this point, for the government to say that we need to pivot to a plan that will provide investor confidence and consumer confidence, which is at an all-time low?

7:40

I think that’s a prudent approach. I think it’s something that would instill, maybe, some confidence in this government, which seems to also have gone down in the confidence polls amongst Albertans because they’re also looking, Mr. Speaker, for a government that will be careful with their money, that will not spend their children’s and grandchildren’s future into the poorhouse. This is something that I’m concerned about as a grandparent and as a father, what we’re giving to our children and grandchildren. We all need to be concerned about that.

Mr. Speaker, in conclusion, I would like to just reiterate that I am in favour of this amendment because this amendment provides us with an opportunity to reflect, an opportunity to step back from the edge of the cliff, an opportunity to provide businesses and economists and professionals and the gurus of our society to be able to step up and help us to be able to mitigate the problem that we're in right now. This is where this gives this government the opportunity to do that, and that is why I will support this.

Thank you, Mr. Speaker.

The Speaker: Hon. members, are there any questions under 29(2)(a) to the Member for Cardston-Taber-Warner?

The Member for Cypress-Medicine Hat.

Mr. Barnes: Thank you, Mr. Speaker. I, too, would like to stand up and speak in favour of this amendment. I'm very, very concerned about what the added interest and the added debt is going to do to our position for the services we depend on, for the jobs and the industry we need to attract. Why I think this is very reasonable, to go to committee and slow things down just slightly, is the opportunity to be more open and be more transparent for Albertans.

You know, I almost hate talking about bond ratings and whether we're double-A or double-A plus or triple-A minus, you know? What the heck does all this mean? I'm just sitting here trying to get my calculations as to how much extra interest it could be. If we lose .0015 of a percentage, if we have to pay that much extra interest on a \$60 billion debt, that's \$90 million. What does \$90 million mean to the average Albertan? Well, it's some side of 750 or 900 teachers, nurses. My goodness, we all stand up in here and talk about the mental health workers we need, the home-care professionals we need. You know – and I've said it in this House before – this money is just going to end up going to rich people, rich corporations, rich pensions instead of to the people that need the services. If the government will listen and take this reasoned amendment and give us some more time, we can certainly get Albertans more engaged as to where their hard-earned tax dollars are going to go.

The hon. Member for Cardston-Taber-Warner talked about it initially, I think, you know, very succinctly and very accurately. So much of what I've read starts with Alberta's problem being the high per capita spending. We have the youngest population, should need the health care services the least, but some side of 20 per cent, some side of \$2,000 per year per person, we spend more than other growing provinces – B.C. and Ontario also have growing populations – so you wonder why.

I've had many people say to me when I've said this to them – they realize that we don't get extra value for this money being spent. You know, as health care critic I recall from a month ago we discovered that – my goodness – we'd slipped to ninth or 10th on organ transplants from fifth or sixth even though we're spending the most. We all don't have to sit in our constituency offices very long to see the litany of things that are broken: people that can't access mental health facilities or a mental health person for their loved one, detox, health care. You know, again, yeah, it's important to spend the money on it. It's important to keep the money on front-line services, but it's also important to get it right.

A lot of people suggested to me, too, that this high per capita spending is only inflationary. It puts a burden on the private industry, the private market, making it harder for them to compete for materials, for subtrades, for the things that they need. Again, I agree with my colleague from Cardston-Taber-Warner that it starts with getting our per capita spending in line.

When we're accumulating all this debt – it's been said by many, many people that debt and high per capita spending are just a future tax waiting to happen. Smart businesspeople are aware of this, so it

drives them out of your jurisdiction. What are we losing? I've read a number of articles that suggest that we are losing at least \$50 billion a year in annual investment because of this new taxation, because of this continued high spending, you know, because of the interest that is going to occur, and because of the future tax. I'm hearing about individuals who have switched jurisdictions, who are in low-tax jurisdictions and who will be savings tens of millions of dollars. Well, maybe that's un-Albertan, but it's their option. In a free society it is certainly their option.

I've said it before, and I just can't help but say it again. I, too, want to take one more swipe at the previous 44-year government, just one more. It's back, hon. minister, to the fact that they didn't save any of those \$250 billion in royalties that went through their fingers. It's back to the fact that they couldn't say no and spent all of the accumulated interest that could have compounded. Even that original \$17 billion that they started with in 1976 could have compounded and accumulated to over \$200 billion. My understanding today is that with that fund AIMCo makes us about 7 to 7 and a quarter per cent a year. Oil and gas royalties on a good year are somewhere around \$9 billion or \$10 billion. If they had just let it compound to \$120 billion, \$140 billion, that money, hon. Finance minister, would replace your royalties. We wouldn't miss a beat.

An Hon. Member: We've been saying all along that it's their fault.

Mr. Barnes: I'm not disagreeing, hon. minister, that up until May 5 a year ago it was their fault. [interjection] It does now. It does now, sir, and please get the per capita spending in line and get taxpayers value for their money.

I've seen some provinces, hon. member, where the interest expense . . . [interjections]

The Speaker: Hon. member, stay on topic here, okay?

Mr. Barnes: I've seen some provinces now where interest expense is the third most expensive line item . . . [interjections] I should be quiet so I can hear better. I missed that.

Once we're \$60 billion in the hole . . .

Mr. Mason: He's running for Finance critic.

Mr. Barnes: Oh, is that available?

Three years from now when we are \$60 billion in the hole, at 3 or 3 and a half per cent interest that's \$2 billion a year that could be spent on front-line services that instead is just going to make the rich richer, that is going to drive away investment, which drives away jobs. To the government: please consider this amendment to get this in a situation where all Albertans will have a further chance to talk about the mistakes of the past and the mistakes of the present.

Thank you.

7:50

The Speaker: Are there any questions of the Member for Cypress-Medicine Hat under 29(2)(a)?

Hearing none, are there any other questions or comments with respect to amendment RA1? The Member for Sylvan Lake . . .

Mr. MacIntyre: Almost.

The Speaker: Close.

Mr. MacIntyre: Don't forget Innisfail.

The Speaker: Innisfail-Sylvan Lake.

Mr. MacIntyre: You'll be getting letters.

Thank you, Mr. Speaker. I rise to speak today to this amendment, that

Bill 10, Fiscal Statutes Amendment Act, 2016, be not now read a third time because this Assembly has not received satisfactory evidence or assurances that the government is prepared to take the necessary measures to see Alberta's triple-A credit rating restored by the credit-rating agencies.

The Minister of Finance has repeatedly blamed low oil prices for the credit downgrades, but frankly this is simply not the case. The credit-rating agencies in their reports all say similar things. They look for a debt repayment plan, which isn't there. They look for controlled or constrained spending. That isn't there. They're looking for, in short, financial discipline, which isn't there, and this is the reason, they are telling us, that they are downgrading Alberta's credit score. In other words, the province of Alberta, the government of Alberta, is becoming more of a financial risk simply because the government has not demonstrated financial discipline, that we would expect of anybody, really. This is the fourth downgrade. We lack a repayment plan, which is, frankly, just irresponsible.

Now, this minister assured this House and Albertans that a 15 per cent debt-to-GDP ratio was plenty good enough. Over and over again we in the Official Opposition questioned the Minister of Finance on this issue, and he over and over again assured us all: "No, no. Fifteen per cent is plenty good enough. That gives us lots and lots of room." Here we are four months later – just four months later – and we're taking the lid off now. Not only is 15 per cent not good enough, but there is no constraint whatsoever.

The credit-rating agencies are not done with us yet. In another four months or five months when this government starts reporting on revenue shortfalls – which are going to happen; mark my words – the credit-rating agencies are going to come after us again. We're going to experience another downgrade. Those downgrades will continue to happen quarterly, biannually until such time as this government starts demonstrating some financial discipline. Investor confidence has been shaken in this province.

Now, I pointed out before that using even a 15 per cent debt-to-GDP ratio as some kind of acceptable limit, comparing Alberta to Ontario, is rather deceptive because on a per capita basis if you compare debt to GDP per capita, that 15 per cent here in Alberta, because our population is so small, looks like about 30 per cent in comparison. That is simply unacceptable, totally unacceptable. This government has got to start reining in.

It was interesting to note that upon coming to power, this government immediately started increasing taxes and spent no effort whatsoever looking for efficiencies within government, within the bureaucracy, none whatsoever, as if to say that the bureaucracy of the province of Alberta is running like a well-oiled machine and there just is no place for improvement, no place for cost saving, no place at all. Then budget after budget after budget we see increased taxation, increased spending without constraint. This credit rating is vitally important to our province, to our municipalities. It will ultimately cost Alberta's taxpayers more in debt-servicing costs, and this government is not listening to the requests or the demands of the bond-rating community, of the bond-issuing community, of the financial experts that are out there, who are all saying the same thing: get your house in order. This government is not listening. Instead they're blaming the low price of oil. Well, guess what? That just doesn't wash with anybody.

This minister has travelled down east to talk to these bond-rating agencies. Every time he goes portraying his plan and telling us how great his plan is and how he's going to convince those bond-rating agencies and that he's going to come back with a better rating – what happens? – they downgrade us again. My advice is: Minister,

stop travelling down east because every time you come back, we take another hit. We take another hit.

In short, I support this amendment. I think that this amendment is prudent. I think it is timely, it is necessary, and I believe that unless this government can provide the kind of assurances that this amendment is asking for, then this government needs to – well, frankly, they just need to accept this amendment and start demonstrating some financial discipline. [interjections] To keep him here? Maybe we should have an amendment that the Minister of Finance cannot leave the province of Alberta to go talk to bond-rating agencies because every time he does, we take another hit. I think that might be a good amendment. I don't know what legal counsel would say to that one, whether we can constrain him, but I did like the amendment the other day where he would lose his ministerial stipend if he couldn't rein in his spending.

Mr. Mason: Go out and get your Finance critic.

Mr. MacIntyre: Don't be talking about members that are not in the House here, Government House Leader.

In short, if I may wrap up, Mr. Speaker, this is a wonderfully good amendment. It brings some discipline to this government, which they obviously need, and I support it wholeheartedly.

Thank you very much.

The Speaker: Hon. members, the front row on this side seems to be very robust.

Are there any questions of the Member for Innisfail-Sylvan Lake under 29(2)(a)?

Mr. Connolly: Would you like to be Finance critic?

The Speaker: Would the member mind putting his comments through the chair? Thank you.

Are there any questions under 29(2)(a)?

Are there any members who would like to speak to amendment RA1? The member for Grande Prairie-Smoky.

Mr. Loewen: Thank you, Mr. Speaker. I'd like to speak in favour of this amendment. There's a saying that says: no plan is a plan to fail. I think that's very relevant here today when we're talking about removing the ceiling on our debt. Now, the problem we have here in Alberta is a spending problem. If we look back to the previous government, where we went through \$100-barrels of oil, that government spent more than it took in through that period of time. Since 2008 I believe every year we've spent more in Alberta than we've taken in.

8:00

This government here, of course, is even spending more. If they choose to spend more than the previous government, that spent more than we took in at \$100-a-barrel oil, the question that begs to be asked is: how much does oil have to be in order for this government to balance its budget? It's obviously very high. We haven't been able to get an answer from them. They should actually figure it out so they can be straight up with Albertans.

Now, we warned this government about their spending problems and about how they're managing the debt. They, of course, said: "Alberta can afford debt. That's no problem. Alberta can afford it." But, obviously, the creditors don't agree with them. The creditors are obviously concerned because they keep repeating doing downgrades to Alberta's credit rating.

Now, of course, we've heard that the Finance minister went to talk to these creditors. I'm not sure what he expected to do. This is how these guys make their living. This is what they do for business.

I'm sure they know about credit ratings because that's what they do. Obviously, when the minister came back, we got another downgrade, so that was a very inefficient use of taxpayer dollars, running down there to talk to them. I think it would have been better spent just coming up with a better fiscal plan.

Now, we keep hearing about the price of oil and that that's the cause of all the government's woes. Well, since the middle of January the price of oil has been steadily increasing. And what's been happening since the middle of January? Consistent downgrades in the credit rating. So that does not hold water. That is not the truth. The truth is that the people that do the credit ratings are concerned with debt repayment. They're concerned with the spending of this government. They're concerned with fiscal mismanagement. Now, these downgrades in the credit rating will cost Albertans, will cost all of us. We're on a program here, a fiscal program to be up to \$60 billion in debt and have annual interest payments of \$2 billion a year. That's not a great plan, Mr. Speaker.

This government has a huge spending problem. They raised the debt ceiling last fall to 15 per cent, with all sorts of assurances that this was great, that this was prudent, that this will show that we're serious about government finances. We received all the assurances over and over and over again that the 15 per cent debt ceiling was very sufficient, that it was wise, it was prudent, all these different things. But, Mr. Speaker, here we are, not six months later, and we're removing the debt ceiling now. We're not just raising it; we're removing it, so there's no plan. This approach to debt is irresponsible because it burdens future generations with the debt that this government is going to dump on them. That's not right.

Now, Alberta already spends more per capita on government operations than B.C. or even Ontario. This government did inherit from the 40-plus-year government, that was already spending far above the national average – we recognize that – but that doesn't mean that you can continue the same mistakes, that in fact you accelerate those mistakes. It seems inconceivable that the new government couldn't find some ways to cut some waste.

Now, we've heard from the Energy minister that she cut 2 per cent out of her budget somewhere and didn't lose one front-line staff. Of course, when we in the Wildrose talk about a 2 per cent reduction, all we hear are the wails and cries that we're going to have to lay off all the teachers and doctors and nurses and everything, and that's not true. How could it be true for a member of the NDP cabinet and not be true for us? If it can be done, it can be done.

It isn't that we've just had one credit-rating downgrade; we've had multiple credit-rating downgrades. We know what happens when the credit rating drops. Interest rates rise, and that costs us even more dollars. This government has yet to tell us exactly how much the rating decrease is going to cost Albertans. It should be able to figure that out for Albertans and tell them. Just be honest. Tell us what the cost is going to be.

Again, we keep hearing about the price of oil. I want to reiterate that the price of oil is rising, but the credit rating is going down. There are two different angles to that graph, the price of oil going up and the credit rating going down, completely different.

The Premier said that she knew that Alberta's credit rating would get downgraded after the budget was released, so why didn't they table a budget that at least gave some semblance of fiscal restraint and possibly stave off another credit downgrade? She called their first budget careful, moderate, and conservative. She called it fabulous. She said that credit downgrades were unlikely and then went on to claim that it's not the role of the government to drive into the ditch to try to find a different path forward. Instead, Mr. Speaker, we're looking at driving off an economic cliff. Why would we want to do this to ourselves? Why would we want to do this to

Albertans? That's not what we were elected here to do. We were not elected here to cause suffering for Albertans down the road to pay for mismanagement today.

This isn't exactly a record to be proud of: the credit downgrades, the debt, the record deficits, job losses like we've never seen before. The more money Albertans pay in taxes and the more money we have to pay in interest, the less we have to help the economy. Families have less money to do the things that they need to do.

Mr. Speaker, it seems that the problem is fiscal mismanagement. There has to be a way that this government can come up with a better plan, and removing the debt ceiling, again, is not a plan. It's a plan to fail.

Thank you, Mr. Speaker.

The Speaker: Are there any questions to the Member for Grande Prairie-Smoky under 29(2)(a)?

Are there any other parties who would speak to amendment RA1? The Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Mr. Speaker. I wasn't sure if I spoke on this one. Tuesday night I went a little long, and I wasn't sure if this was part of it. [interjection] Quite a bit of time.

I talked about credit cards, and I talked about irresponsible government, unstable government, to be clear. The fact is that I went on at length on why exactly getting rid of a debt limit is bad for Alberta. The government won't listen to me, but maybe they'll listen to some of their own members. I have two quotes that I would like to read out and see if at the end of the quote this wonderful House can actually guess which member said it.

8:10

I would like to quote that member at length. If that same member was here or not here today, would he vote with his party on this? Let's start the quote.

One of the things I'd like to talk about is that when we're talking about this 15 per cent threshold, to me, that threshold is reasonable. I mean, even at 15 per cent Alberta's government's debt-to-GDP ratio would be half the weighted average of the other provinces combined, which to me seems reasonable. Also, the 15 per cent ratio . . . is the ratio that's regarded as a reasonable and manageable limit by our credit-rating agencies.

Mr. Speaker, that member continues on with the following:

I believe that the 15 per cent number is reasonable.

This is a very strong, very directed quote. This isn't something where maybe the member went one way or maybe the member could have meant something else. It was very clear. The member was very clear that 15 per cent was the number that the government would live by.

Now, the member has very high praises to sing about the 15 per cent cap on our debt to GDP. The 15 per cent cap was labelled to be reasonable over and over by this person. This member was quoted that the 15 per cent cap on our debt-to-GDP ratio was something that the Alberta government needed and would stick by.

When we start looking around, why would this member suddenly be so adamantly against 15 per cent? And for those that are wondering still, that member is Calgary-Currie. I know that this is surprising. I don't know why this MLA hasn't spoken up against Bill 10. What happened to the Member for Calgary-Currie when we started this debate and we've gone through this debate? Is he not allowed to speak? Is he being whipped into voting with his party?

You know, this contradicts what all of the government is saying right now. We need to be very clear that when it comes to government members, this is a member from the government being muzzled. That is just the truth. He thought a 15 per cent cap was appropriate six months ago but not now. Not now.

Now, I would love to hear from this member again as to whether he thinks that lifting the cap, that he repeatedly called reasonable, is the right thing to do or not. Did this member change his mind over the course of four months? I find it very difficult to believe that his mind could have been changed so quickly. Apparently, this is a difficult decision when it comes to moving the government towards stable government. This is an important thing, that I'll go back to.

I keep saying that in my riding of Bonnyville-Cold Lake stable government means jobs. Right now I've got a 10 per cent unemployment rate. That is unacceptable, but it is what it is. Now, the more unstable we are, the less likely we're going to have jobs, and that is a fact. Businesses and corporations, individuals, societies: why would they invest in an unstable – unstable – economy?

Now, every single member from the Wildrose: we haven't changed our minds in the last four months. You can expect the Member for Calgary-Currie to change his mind every four months? You know, the fact is that when we start looking at where the government is going, it keeps changing directions. Again, this brings instability. Bill 6 is another good example of instability. Now, what changed the heart of the Member for Calgary-Currie, a fundamental change? Will we expect him to change his mind again and again, and will he be certain of what he truly wants? Did the constituents of Calgary-Currie change their minds in the last four months? Is that why the MLA changed his mind? Did he actually go to his constituents and say: is it good for us to be without a cap? I am certain that if he goes to his constituents now and says . . .

Mr. Mason: Point of order, Mr. Speaker.

The Speaker: Point of order.

Point of Order Imputing Motives

Mr. Mason: Thank you very much. Standing Order 23(h), (i), and (j), Mr. Speaker. The hon. member is not addressing the issue before us. He is focusing his attention on one member, who is perfectly capable of standing for himself. The hon. member is abusing his time in order to target a particular MLA, and if it's this one this evening, it might be another one another evening. It's important that members, when they rise in their places, speak to the matter at hand, and that is the amendment that the Wildrose caucus has put forward to not now read the bill a third time, and I wish the hon. member would focus on that.

Mr. Cooper: Thank you, Mr. Speaker. It's a pleasure to rise and speak to the point of order. I think we'll find that Standing Order 23(h), (i), and (j) makes allegations against another member, imputes false motives of another member, or uses abusive or insulting language likely to create disorder. I've been listening intently, and while I don't have the benefit of the Blues, my hon. colleague in fact isn't making allegations, only speaking specifically to words that the member himself has used in this very Chamber. There certainly has been no abusive or insulting language used by my hon. colleague. What we have here is clearly a matter of debate because the hon. colleague is utilizing information that has been said before here in this House. He's speaking to the importance of this particular amendment in terms of the challenges that removing the debt cap has, and in my opinion there is no point of order.

The Speaker: Government House Leader, what was the subsection of 23 that you cited?

Mr. Mason: Well, Mr. Speaker, in actual fact I think the most relevant one is to impute false or unavowed motives to another member. He's talking about the hon. member's motives for voting the way he did or speaking the way he did in the past, and I think that's perhaps the most on point. But (h) also. He's also making allegations against the member. By the way, he's also violating, in my view, 23(c), persisting in needless repetition.

The Speaker: Hon. member, I'm not sure there's a point of order. Nonetheless, to the speaker: could you please get focused on the amendment and proceed. Stay on the topic. Stay on the amendment.

Mr. Cyr: I apologize if I've offended.

Debate Continued

Mr. Cyr: I will say that I was getting to a point, the fact that when we start looking at where the government was going with the 15 per cent cap, this was reasonable four months ago but unreasonable now. This is where our reasoned amendment comes forward, saying that it is still something that we need to continue as at least maintaining some sort of accountability for Albertans.

8:20

Now, voting in favour of this bill would be wrong. As a fiscally responsible conservative I feel that we are responsible for taxpayers' money, and that includes money that we are spending that isn't collected yet. That means debt. We're responsible for debt. Now, when we start seeing instability or flip-flopping, we need to ask ourselves: what direction are we actually going in? How can this be the right direction?

Now, I have another quote, and I will let you again decide on which person in here or which member said it.

We have a prudent plan to look at bending the curve on expenditures and spending. We have a plan to invest in capital development throughout this province to stimulate our economy. We are going to stick to 15 per cent of GDP. That is sound. That is the lowest in the country. That is a debt cap that is calculated to help us get to where we need to go.

This member is Calgary-Fort. The 15 per cent cap has been recorded as being sound, yet for some reason now we are looking at just getting rid of the cap.

Now, it's this comparison of the different ways of looking at this wonderful 15 per cent cap – it's not night or day. It's not black or white. There is a lot of contrast here. The fact is that when we start looking at what direction this government is going in, it is clear that it's going in the wrong direction. It's a swap that we need to make sure that we are continuing in a forward direction, but it appears that we continue to move backwards. That is something that is unacceptable.

Now, when the member that made this statement is taking us so deep into the red and was convinced four months ago that this was the right direction, this actually is offensive. I want to know where the members who voted in favour of the 15 per cent debt cap went because it appears that they're no longer in the House. I want to know where the members who argued in favour of this cap disappeared. I was not aware of any by-election that replaced representatives for either of the two members that I quoted. I'm not sure that they are physically or mentally the same people that they were five months ago. I really hope that these people come back and vote the way they did before and that what we start looking at is supporting this reasoned amendment.

We need to actually look at the debt cap and the debt limit, find out what is appropriate for Alberta. Getting rid of it just seems to be unreasonable. In fact, I hope that everyone in this House votes

in favour of this, for a fiscally responsible Alberta. By voting for this amendment, you're voting for that.

Now, if this amendment gets voted down, then we need to vote against Bill 10 because it is irresponsible. I hope that the members continue to see where they are going towards, because in the end each and every one of my colleagues at this point has pointed out that we are headed down the wrong road.

Thank you, Mr. Speaker.

The Speaker: Any questions for the Member for Bonnyville-Cold Lake under 29(2)(a)?

Are there any other individuals that would like to speak to the amendment RA1?

[The voice vote indicated that the motion on amendment RA1 lost]

[Several members rose calling for a division. The division bell was rung at 8:26 p.m.]

[Fifteen minutes having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Aheer	Cyr	Panda
Barnes	Loewen	Taylor
Cooper	MacIntyre	van Dijken

Against the motion:

Babcock	Ganley	Nielsen
Bilous	Gray	Notley
Carlier	Hinkley	Phillips
Carson	Hoffman	Piquette
Ceci	Horne	Renaud
Clark	Jabbour	Rodney
Connolly	Jansen	Rosendahl
Coolahan	Kazim	Sabir
Cortes-Vargas	Kleinstauber	Schreiner
Dang	Littlewood	Shepherd
Drever	Loyola	Starke
Eggen	Malkinson	Sucha
Feehan	Mason	Swann
Fitzpatrick	McCuaig-Boyd	Turner
Fraser	McKittrick	Woollard

Totals: For – 9 Against – 45

[Motion on amendment RA1 lost]

The Speaker: We are back to the main motion.

Cypress-Medicine Hat.

Mr. Barnes: Thank you, Mr. Speaker. I'm pleased to rise and talk on the main motion and speak against Bill 10, the Fiscal Statutes Amendment Act, 2016. Of course, we've been discussing at length the long-term ramifications of debt, the impact it will have on the sustainability of our services that are delivered in the province. I prefer to call it the consequences, the consequences of billions and billions of dollars in debt. Of course, those consequences will be fewer front-line workers, less infrastructure, less opportunity to leave money in people's pockets so they can take care of their family members, take care of their communities, and do what they wish with their hard-earned tax dollars. I would like to reiterate to the government caucus that unlimited debt is not a reasonable way to govern. You simply cannot borrow your way to prosperity.

You know, 15 per cent of GDP is, again, a formula that – oh, I think GDP has been around for a while, but I wonder how many Albertans would really understand the significance of 15 per cent

of GDP, so I just took a quick look as to what GDP is comprised of. It's comprised of four things: consumer spending, investment, government spending, and then net exports.

When I look at the consumer spending drop, the unemployment rate in Cypress-Medicine Hat is an incredible 9.7 per cent. Thank goodness a lot of good employers and wonderful employees have worked out job-sharing arrangements and ways to make things as fair as possible for as many Albertans as possible, but obviously it takes disposable income out of the economy. Obviously, the NDP government's and the federal Liberal government's tax increases take disposable income out of the economy, so one of the four components of GDP is dropping.

Investment, the second component. Whether the number is the \$50 billion that I spoke of in the amendment that is being invested less in our industries because of high per capita spending, because of debt, because of higher taxation, it's less. The number is going down.

Government spending, of course, although the cost curve is being bent, is the one that is constant, but that's the one that's being borrowed. That's the one that has to be paid on the backs of the productive side of our society or the next generation.

Net exports, again, as the economy and the price of oil has dropped – thank goodness for our good agriculture industry. It's uncertain, but the cumulative effect – Alberta had been a leader in Canada with GDP increasing 3.2 per cent a year. That alone would have given your 15 per cent more room to grow. Now I'll say to the hon. Finance minister that I understand Alberta's GDP is actually shrinking by 1.1 per cent this year, the combination of consumer spending, investment, net exports, and the government borrowing more money to spend more. It's still shrinking, not sustainable.

The consequences of eliminating the 15 per cent gross debt-to-GDP ratio are going to be severe. What does the average Albertan think about this? I guess I said it earlier in here two or three weeks ago. My point in saying this is that I remember when Premier Getty was forced out of the leadership of the Progressive Conservatives for \$22 billion in debt. Three years from now I wonder what Albertans will think of \$60 billion in debt. I look forward to that debate. Mr. Speaker, kicking the can down the road is not leadership, and it will not provide better lives for future Albertans.

Government spending problems. As much as this government likes ideology, I again want to remind this government of the current bad spending habits before we go to a final vote on this bill. We don't have a revenue problem even with the drop in royalties. We spend currently \$10 billion more on government than B.C. or Ontario on a per capita basis, and one of the reasons I like to see those two provinces continually quoted is that they have growing populations. It could be said that people that move to B.C. or Ontario don't bring their roads or their schools with them either.

8:50

What does this number really mean when we look at how the province is administrating its public services? When we break this number down, Mr. Speaker, we see that Alberta is spending almost \$2,400 more per person than neighbouring B.C. Again, I'll remind the House, I'll remind the government that we have a younger population. Our demands on health care, our demands on seniors' services, our demands on certain government services should be a lot less because our age per capita is lower.

Instead of finding ways to rein in spending and find efficiencies that would lead to more support for our front-line staff, this government's solution is simply writing itself a blank cheque on the backs of Albertans. Alberta has a chronic spending addiction, and

removing the debt limit is the ultimate enabler. Again, that reminds me of Premier Getty when he hit the \$22 billion mark, and Albertans said: that's enough.

This is not responsible or sustainable governance, and Albertans deserve a government that can get to work and find solutions for this out-of-control spending. We've talked about how just three years from now we'll be at \$2 billion in interest from our \$60 billion debt. I think now we're just under \$1 billion in interest. I wonder if the government fully appreciates the consequences of this long-term debt. Debt is a cycle. It removes our options. It's a chain around our economy. I've seen stuff that talks about how interest and debt are actually an abrasive drag on the economy's efficiency. The more you borrow, of course, the longer it will take to pay back. If it leads to more credit-rating downgrades – and I've heard this government time and time again say, "Oh, we can afford to go into debt because we have the lowest debt-to-GDP ratio in Canada," like it's okay to run up debt and interest as much as you want as long as you can find somebody else that's slightly worse.

Let's be leaders, government. Let's not look at the bottom. Let's look at the best. That will be a serious drain on our economy's efficiency. That will be a serious drain on our government's ability to earn taxes and to provide services.

Of course, we all remember that less than 24 hours after the NDP budget – not your jobs plan, but the budget – we were downgraded. DBRS downgraded Alberta from a triple-A to a double-A rating, which is going to cost millions of dollars in extra interest. I prefer to say that in the millions of dollars that's fewer mental health workers, fewer home-care workers, fewer nurses, that's fewer teachers, fewer doctors, fewer schools, fewer hospitals, less money for people to take care of their families if we just left it with them.

You know, Albertans are entrepreneurs. They understand that at times it's necessary to borrow money to invest, but again that's not what this government is doing. You are spending to the hilt, you are maxing out the credit card to do it, and you are not looking for the efficiencies that hard-working taxpayers deserve. You have no plan to reduce the spending, no plan to right the ship, no plan to restore Alberta to where we have the opportunity to provide jobs, to pay taxes, and to have strong communities, urban and rural. You're content to increase our taxes, put our province at record debt levels, and turn around and blame it all on the slump in oil prices.

Mr. Cooper: Or the previous government.

Mr. Barnes: Or the previous government. Not that we would do that.

The amount of debt being taken on by this government is astounding, and this bill indicates that you have absolutely no intention of slowing down. I obviously hope that we don't get our credit rating downgraded. I obviously hope that the price of oil can return. I obviously hope that we can get our per capita spending in line. Albertans and future generations deserve every opportunity.

We suggested some amendments. We tried to put a cap on your spending habits, but again we'll remind you that you charged ahead with your insistence and zero restraint. I hear it in the coffee shops in Cypress-Medicine Hat. People are fearful of what we're leaving for the next generation. People are fearful of the debt that they have to manage through their government. At the same time for many in the private sector it's been very, very difficult times.

This NDP government's financial mismanagement, Mr. Speaker, has the potential to saddle future generations with debt in the billions. Ultimately, it is the Alberta taxpayer who will have to pay

for this government's bad debt. Fifteen per cent debt to GDP is roughly \$50 billion of government debt, and as I initially pointed out, the GDP, other than government borrowing, is decreasing. The limit is increasing, so interest and the drag on the economy is going to get worse.

How does this government plan on paying for this debt? The only plan I've seen is more taxes on everyday Albertans, more fees. That will make it harder to start a business. That will make it harder for parents to save for their children's education. It will make it harder for families to provide the necessities for their families. I've said it before, one of my favourite stories is my friend who makes the same as he made a year ago, but because of the increase in taxes provincially and federally he now takes home \$800 a month less. This is a person who shut down his business down, which employed two people, because he was fearful of the drag. Thank goodness, he still pays to take care of his parents. If the tax burden gets any worse, I would absolutely hate to see that quit.

Instead of hiking taxes across the board, this government should be looking at what could be done to spend taxpayers' money more efficiently. In the Wildrose we've talked many, many times about eliminating corporate welfare. We've talked many, many times about eliminating not front-line workers but high-level bureaucracy. In Cypress-Medicine Hat as the health care shadow minister . . .

Mr. Bilous: Critic.

Mr. Barnes: I'm sorry. Critic. Thank you.

Mr. Barnes: . . . I hear about five layers of bureaucracy between the front-line worker and getting an answer, an answer that generally doesn't come back. How inefficient. What a waste. What a hardship on Alberta's families and workers.

When will this government draw a line in the sand and tell Albertans when enough is enough? I ask the government: what is too much debt?

An Hon. Member: The sky is the limit.

Mr. Barnes: The sky's the limit. I don't doubt it. But there will be limits enforced by the voters in the next election and not too harmful on the next generation.

Why is it so hard for this NDP government to get its act together and actually build a plan to get our province back on track? To the hon. Finance minister: that plan starts with getting our per capita spending in line. That plan starts with showing when we'll be back in balance.

Mr. Speaker, I'm sad to say that Bill 10 is nothing more than this government removing all accountability from budgeting, from planning by writing itself a blank cheque. Removing limitations on debt levels will undoubtedly lead to more provincial debt, which will undoubtedly lead to fewer services and increased taxes.

The Speaker: Thank you, hon. member.

Any questions of the Member for Cypress-Medicine Hat under Standing Order 29(2)(a)?

Mr. Cooper: Well, thank you, Mr. Speaker. Yes, I do have a couple of quick questions. He spoke specifically of the people of Cypress-Medicine Hat, and I know that my hon. colleague is a very good representative of the good people of Cypress-Medicine Hat. I know that he spends a lot of time all across what is a very vast and diverse constituency. I'm just a little bit curious to know. A good portion of your constituency includes a section of the city of Medicine Hat and then a good section includes parts of rural southeast Alberta, so

I'm just wondering if there's much of a variance from the people in the rural portions of the constituency to the more urban portions of the constituency about some of their concerns around this reckless spending that is the NDP government.

9:00

Mr. Barnes: Thank you to the hon. member for the question. I appreciate it. Yeah. I'm very, very grateful to represent Cypress-Medicine Hat. Of course, I share Medicine Hat with the hon. Speaker.

I would have to say that in the rural part of my constituency, which is Cypress county and Forty Mile county, which is probably 200 kilometres by 200 kilometres, there's a great deal of concern for what the carbon tax is going to add to their transportation costs, for the fact that they have seen their level of services downgraded over the last few years and at the same time have seen debt and taxes increase. What is very, very true about the people in Medicine Hat and the people in Cypress, Forty Mile county, Foremost, Bow Island, and Redcliff is that they are all very, very concerned about what kind of shape we're going to leave this province in for our kids and our grandkids.

When you see that the cost of interest goes up, when you see that, unfortunately, our credit gets downgraded – and they know that that means fewer services – they're concerned about what their kids are going to have to do to dig their way out of this. You know, family values are very, very strong in all of Alberta, and that is true in Cypress-Medicine Hat. They want their kids to have opportunities. They want their children to be able to stay in Alberta and flourish and have opportunity. They know their kids will be happier if they have more control over their lives, and that means opportunity.

You know, I guess, hon. member, I hear time and time again that people call and say for the 10th time that there's still this problem with trying to park at the hospital because Alberta Health Services hasn't done it right, and we're handling it for the 10th or 15th time and are going through that level of bureaucracy, and they hear that there are two good front-line professionals at the hospital that can't get an answer because it goes up the chain to Edmonton and the answer never comes back. They're crying out for local decision-making. They know that these debt levels and this interest will make it all the harder for that to happen.

When the previous government in 2008-2009 enacted the royalty review, they saw the effects of what bad governance can do to an economy when we lost many jobs and we lost investment. You know, as the debt, with the interest, gets bigger and bigger, they're concerned that they are going to lose more opportunities for their kids and their grandkids.

Thank you very much.

The Speaker: Are there any other questions under 29(2)(a)?

Anyone prepared to speak to the major point? The hon. Member for Battle River-Wainwright.

Mr. Taylor: Thank you, Mr. Speaker. I rise today to speak on Bill 10, the Fiscal Statutes Amendment Act, 2016. There is no way that I can support this bill. I don't believe Albertans as a whole could ever support this bill either. I've talked to many of my constituents, and they're frankly appalled by this bill when I explain what the bill intends to do, or not do, depending on how you look at it.

What this bill intends to do is to allow the NDP government to run operational deficits, something which, I believe, if the government had run as one of their platforms during the election campaign, they would never have been elected, not to have this kind of money thrown to the wind. This bill intends to allow this

government to borrow somewhere north of \$60 billion or more. We don't know because there's no cap or ceiling. It's just open now, so there is nothing there.

It was only in November, Mr. Speaker, that this government gave themselves the ability to borrow up to 15 per cent of GDP. They were asking for around \$48 billion, and less than half a year later they've increased this by another \$12 billion. I have no faith that we'll see restraint at the \$60 billion range, and neither does this government. Otherwise, they would have put a cap on how much they could borrow. Instead, they want to remove the cap, that they themselves voted in, and shoot to the sky when it comes to borrowing, that is.

I am so unimpressed with this bill. I have to ask our NDP counterparts: what about the children? What about the grandchildren? Seriously. They're the ones that are going to have to pay for this in the long run. [interjections] This is not funny. I don't mean, "What about the children?" in a slight way. I'm serious when I talk about that because they are the ones that are going to be paying off this debt. Money that we are spending right now: they will have to pay that off. Our children, our grandchildren, our great-grandchildren, perhaps, will have to pay that off. This is an astounding amount of money that we're talking about.

The Wildrose Party has tried all year long to help this government find ways to find savings. You know, frankly, we've given common-sense solutions to save money. We last provided this government with suggestions just about a week or two weeks ago here when we asked for cost-cutting savings through amendments during the estimates. In fact, I put forward four different amendments, so I had my part in trying to ask the government to curtail some of this spending. We want to see if this government can find ways to save money.

Two billion dollars of interest payments: that's what we're going to be looking at. I think that we all need to stop and think about how big \$2 billion really is because, frankly, it's huge. If you look at \$2 billion, what does that really mean? How many schools does that mean? You know, if you look at the government of Alberta site, which I did, I saw that you had put up something where you were talking about 19 schools being built, and these 19 schools being built were – I forget exactly the number – 500 and some-odd million dollars, roughly \$530 million dollars. If you extrapolate that and put that over \$2 billion, which is just going to interest, you're looking at 68 schools that could have been built just on the interest alone but won't be built because we're just paying interest. To me, it's a huge amount of money. When you look at it, \$2 billion is, well, \$2,000 million. That's just a huge amount of money.

This unlimited debt ceiling that this government is proposing: the payments come with it each and every year, and they have implications across the board, like I was saying with the schools, so from K to 12 education because of the loss of potential to pay for additional teachers or to build new schools.

You know, I went to payscale.com. This is another interesting one that I looked up. I looked up payscale.com, and I asked: what is the average wage of a teacher in Alberta? The average wage of a teacher in Alberta according to payscale.com is \$70,000. Well, it's actually just short of \$70,000. It was 69,800 and some dollars, but I'm just going to call it \$70,000. Well, if you divide that number, \$2 billion, by \$70,000, you're looking at over 28,000 teachers that could have been hired. That's each and every year. We're talking about teachers. These are really effective jobs that should be out there in the system, but we've lost them.

9:10

The health care system. We look at the health care system, and we talk about nurses. How many nurses could you hire with that?

Now, I couldn't find a wage comparison for nurses, so what if you just said \$100,000 for each nurse? That's a nice high number, and that's probably going to be adequate. You're looking at 20,000 nurses that could be hired at \$100,000. It's just an astounding number of jobs and the potential lost. So that, frankly, just scares me.

We're looking at hospitals in my constituency. A hospital for Wainwright is around \$240 million, but let's round it up to \$250 million. We'll give ourselves bells and whistles that we shouldn't have and make it \$250 million. How many hospitals would that be? Well, Mr. Speaker, that's eight hospitals that you could be building across this province each and every year. But, no. We are going to be paying \$2 billion in interest. It's just an astounding amount of money.

Roads and bridges are going to be lost, roads and bridges that could have been done. You know, it costs about a million dollars a mile to do a road. I'm using miles, yes. I'm using the old system, not metric.

An Hon. Member: Shame.

Mr. Taylor: I know. It's shameful not to use metric, but a lot of people my age understand miles quite well, so it's okay.

If you wanted to find out how far, well, I looked it up. I said: how far is it from Alberta to Mexico? Well, it is only 1,371 miles, that distance, so even if you're looking at it from Edmonton all the way to Mexico, we're still not at that 2,000 miles of road that you could build, based on it being a flat road. But on that theory, we could build a road all the way to somewhere in Mexico with this. It's just an astounding amount of money, that we're simply paying in interest.

With that in mind, it's not just what we can't buy now; we have an additional \$2 billion in interest payments. After the dust settles and the NDP government has gone through roughly \$60 billion, the very same \$60 billion that has put us in a position of giving banks \$2 billion – that's banks that we're giving \$2 billion in payments to, to show for this. I'm going to have to ask the question: who are you friends with? [interjections] Do you have a social conscience where you're hiring more teachers? No. You're going to be losing teachers and nurses based on this plan, or you're losing hospitals or schools . . .

The Speaker: Hon. members, through the chair.

Mr. Taylor: Thank you.

You know, we're losing all that potential out there, and frankly I'm afraid of what's going to be happening with that. The question needs to be asked. Can the government answer: what exactly do we have for that \$60 billion? In the end what do we have, Mr. Speaker? I would like to know. What is the end game? Are we going to have those eight new hospitals this year? I don't think so. Are we going to have an extra 28,000 teachers, 20,000 nurses? Do you want to pick one of those things where you could say that? That's what I would love to see.

How much savings is there in the rainy-day fund that you have right now? What do we have to show for that? What are we going to show for that \$60 billion that we're borrowing? What is the legacy that this government is leaving Albertans with other than debt piled upon debt, that we have to pay back?

Not only will this hurt generations to have to pay this back but, again, also our children and our grandchildren. I have to go back to that because one of the main reasons I got into politics is because I care about my children and the direction the government was going. At the time I was concerned about what the government, now the third party, was doing, and now I'm very concerned about what this government is doing. At that time we were looking at \$12 billion

that we were going to be in debt, and now we're going to be looking upwards of, at the end of this period, \$60 billion. Programs can't help but be affected. Either programs that are currently free will be cut or will have to be charged for, or the programs that are being charged for right now will have to face steep increases.

Which infrastructure projects will be left in the dust as a result of this? What money is there going to be to pay for them? In the end, when we're paying this \$2 billion, how much deferred maintenance will we see in the future because we're paying interest rather than fixing our schools and roads and postsecondary institutions? Frankly, I've been talking to people that are in the schools, you know, and they're concerned. They're concerned about how much or how little has been able to get done in postsecondary institutions, in the public school systems. I've been talking to superintendents and such. They're, like I say, frankly, very concerned about what's happening and what's going to go on with them.

What this bill doesn't intend to do is have any fiscal restraint, any concern for future generations. We're opening the gate to spending, and there's nothing in this bill to stop the spending. That's why you're removing this lid on it, and it goes into infinity and beyond, as you've heard a couple of times, I'm sure. I believe that reasonable amendments to this bill could make this bill better. Unfortunately, this government voted down these amendments. Credit downgrades, as we've all seen, are a direct consequence of not having a ceiling on the amount of money you can borrow, which is what this bill will do. There is nothing in this bill that states that they can curtail spending. Consequently, credit agencies like Standard & Poor's look at the potential to borrow and the amount borrowed and the amount projected through their budgets that they will borrow, and they give us more credit downgrades. I believe that if they pass this bill, we'll be shortly looking at another credit downgrade because it'll be passed and the potential to borrow is unlimited.

Mr. Speaker, that is why we continue to see credit downgrades. This government borrows more without a clear plan to pay back money other than to tax more. Increased taxes make provinces and jurisdictions less desirable to live in, and consequently more people leave the province, which as a consequence leaves us with, you know, fewer taxes that you can draw on: fewer people, fewer taxes they can levy on people, if you will, and the province ends up in worse shape as a result. The province would go into a downward spiral as a result. It's obvious how this spiral works, and Alberta can make a difference and take out one of the factors that leads to this downgrade spiral.

We should not, by any means, pass this Bill 10. Governments need to have a budget constraint to work with in order to keep the economy healthy, and Bill 10 just does the opposite of this. You know, if you look at towns like the MD of Wainwright, they are by law restricted to running a balanced budget. This government just doesn't see the need for that. Frankly, the towns are able to make do with their budgets when they have to run a balanced budget. They can't spend more than what they have.

The Speaker: Thank you, hon. member.

The Opposition House Leader under 29(2)(a).

Mr. Cooper: Thank you. Under 29(2)(a), Mr. Speaker, I just have a quick question for the hon. Member for Battle River-Wainwright. He was speaking about municipalities and their guidelines around running balanced budgets and not being able to carry year-over-year deficits and a number of other guidelines that they meet under conditions laid out by the government.

9:20

I'm just a little bit curious to know if he has any comments with respect to: if the government thinks it's reasonable for municipalities

to function under a set of parameters that include, essentially, debt limits, would it be reasonable for the province to also have some parameters set out for themselves with respect to debt limits? Are there any other comments he might like to add to what was a very stirring and convincing speech?

The Speaker: The hon. member.

Mr. Taylor: Thank you, Mr. Speaker, and thank you for the question. You know, I believe that governments at all levels need to have a restraint, something they can't go past. In the past it's been a practice, it seems like, for Alberta to have a restraint on how much it could spend. This is the first time that they've been able to borrow an infinite amount of money. Could it be a hundred billion dollars? It could be. We don't know because there is no cap on how much that is.

In my riding I have six counties and MDs, and they're all restricted by, you know, that limit. They have to run to a budget. They have to be very fiscally responsible, Mr. Speaker. I have roughly 25 towns. Actually, two of them ceded their governance just recently. They became too small and weren't able to continue with it. But they had to balance budgets. They had to live within that budget restraint.

This government is no different. If the Wildrose was the governing party, we would like to see restraints on this so that we could see in the future that there would be no more borrowing to infinity and beyond. This has been a good practice in any level of government. I don't want to see Alberta go down the path of Greece because Greece is in trouble, and it could go belly up. It's causing such a strain on Europe, right across all of the European nations. It's a terrible thing to see, and it's just because we don't have fiscal responsibility to put in a cap, to put in a limit, to stop the borrowing, to stop the bleeding. The more we borrow, the more debt we incur and – the problem – the fewer services we can actually offer as a result of it, so fewer doctors and nurses and teachers because you'll be spending money on just servicing that debt.

Going back to what I was talking about before, that \$2 billion is 28,000-plus teachers. But what if it becomes \$3 billion? Or what if our interest rates increase and interest rates just go up 1 per cent more? It's going to cause a huge problem for what this government has budgeted going forward. I don't know if you've looked at that unintended consequence. That's an unintended consequence of what's been happening with this. We've got to look at all the different avenues. I don't see anything good coming out of this.

I would implore the government to restrict how much they can borrow and to get rid of this Bill 10. Bill 10 is, frankly, not good for Albertans. It's not good for the shining beacon that this province once was. We had the Alberta advantage. We were paid in full. We had no debt. Now, by the end of this mandate we're looking at \$60 billion. You can't tell me that there were \$60 billion worth of infrastructure needs that had to be met. There were not \$60 billion worth of infrastructure needs that had to be met.

The Speaker: The hon. Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Yeah. Thank you, Mr. Speaker. I rise to speak to Bill 10, the Fiscal Statutes Amendment Act, 2016. A more apt name for Bill 10 would be the Debt Ceiling Removal Act, but given that there are scatterings of other things in here, that might be a little unkind. Ineptitude is defined as the lack of a skill or ability, and "inept" is precisely the word needed to describe Alberta's NDP government. Last fall the Minister of Finance and President of Treasury Board brought in a debt ceiling at 15 per cent of GDP, and here we are, six months later, repealing it. That is inept, a complete lack of foresight, an inability to plan properly. This inability creates an environment that leads to instability, lost confidence, and credit

downgrades. Removing the debt ceiling is also incredibly irresponsible and, I would suggest, immoral.

The bank is not going to invest in or provide credit to my business, my farm, if I show no discipline in my borrowing and spending practices. The bank actually has ratios in place to curtail that problem, and they're there for a good reason. They're there to keep the business sustainable, to keep the business viable so that it can actually succeed.

If I'm looking to partner with someone to grow my business, if I went to them with this lack of debt discipline, I believe that would definitely kill the deal. I believe the credit agencies are sending that message at this time, that this is a lack of planning and a lack of discipline that most investors would shy away from. This is the kind of management that drives investment away.

This government continues to blame low oil prices for their inability to rein in this growing debt mountain. This government has given no indication they are willing to rein in their spending problem. Without any goodwill or discipline in this government's spending habit, their irresponsible and reckless behaviour is driving investors away. The very partners they need to drive the economy are partnering with other jurisdictions that understand the need for a stable partner. These individuals are quickly losing confidence in a government with no real plan. The NDP gamble is a path to unmanageable debt.

It's also increased our personal taxes, our corporate taxes, carbon tax. Debt-servicing costs will go up. We're gambling with the accelerated phase-out of coal. It is irresponsible, immoral, reckless, all without doing actual economic analysis.

The Speaker: Hon. member, I would prefer that you not use the word "immoral."

Mr. van Dijken: Okay. I'm fine with that.

Purely ideological choices with no understanding or concern for damaging consequences: this is akin to Premier Mom and Finance minister Dad whipping out their credit cards, racking them up, only to have to cut the children's allowance to pay the bill when it comes due. It is irresponsible to allow this intergenerational transfer of money from Alberta's children to the current government. Today's spending debt is tomorrow's taxes.

This compulsive reliance on credit cards and racking up the bills has been recognized as an addiction. A spending addict needs intervention in order to break the cycle. The first step is stopping the denial of that addiction, and the NDP are very much in denial. The NDP claim to be ready to invest. But how? With someone else's money, taxpayers' money. So, of course, this NDP government believes the debt ceiling has to be removed.

Instituting a licence for unlimited, reckless spending is not the same thing as having a real financial investment plan. A licence to spend is exactly what eliminating the debt ceiling means. The government is floundering along, blaming the low price of oil for their bad financial management and hoping someone or something is going to come and rescue them. Without admitting to their spending problem, they are risking the future of all Albertans in much the same way a chronically addicted gambler puts his or her family at risk by blowing all the money on the slots or the horses or playing poker. The NDP are not investing; they are gambling. They are gambling with Alberta's future. We are headed toward \$58 billion in debt, and it is not acceptable to be giving that to our children and their children.

9:30

The truth of the matter is that the NDP is putting the heavy burden of debt on all Albertans. Mr. Speaker, that is no way to live. All of this debt needs to be repaid, and that will mean that when a hospital

needs to expand, the interest payments on the debt will prevent the nurses from being hired or that piece of highway that needs to be six lanes won't happen because of the weight of debt and the interest payments it requires. This unlimited borrow-and-spend agenda means that soon enough government won't be able to provide services for Albertans because government and Alberta taxpayers will be so chained to servicing the debt.

A debt ceiling forces some measure of discipline on a government, and it seems to me that the current government definitely could have benefited from following their own law here instead of introducing this bill to render the debt ceiling null and void. We have an inept, irresponsible, and reckless government stuck in denial of an acute spending addiction without a real plan, hoping for a miracle but in the meantime gambling Albertans' money away.

We can and we must do better, Mr. Speaker. Thank you.

The Speaker: Any questions under 29(2)(a)? The Member for Cardston-Taber-Warner.

Mr. Hunter: Thank you, Mr. Speaker. You know, I was very interested in the word that our hon. member used. He did use a word that you had asked him not to use, "immoral." There are some synonyms of that word. I'd like to ask him what part of this plan that they have is more like these synonyms: unethical, bad, wrongful, wicked, unprincipled . . . [interjections]

The Speaker: Hon. member, I think you're pushing the envelope a little bit.

Mr. Hunter: Sorry. I can't hear you.

The Speaker: I think you're pushing the envelope a little bit in terms of the use of the word. What specifically would you like the member to comment on?

Mr. Hunter: I'm actually asking him which one of these synonyms would best describe this bill.

The Speaker: Why do you feel the need to have synonyms on the question of "immoral," which I've already asked that we not use?

Mr. Hunter: You know what? Because I think that he needs to describe it, and I think that it's important to make sure that people understand the description of this bill.

The Speaker: And that's your question?

Mr. Hunter: My question is: which one of these synonyms best describes this bill? Corrupt . . .

Mr. Bilous: Point of order, Mr. Speaker.

Mr. Hunter: . . . disreputable, nefarious . . .

The Speaker: A point of order has been noted.

Point of Order Parliamentary Language

Mr. Bilous: Clearly, Mr. Speaker, I rise under 23(j): "uses abusive or insulting language of a nature likely to create disorder." I believe that word is actually unparliamentary, quite frankly. I could dig up the list, but I'm sure you'll have it at your fingertips.

Clearly, the member is not trying to ask a question or comment on the contents of the bill. He's clearly, first of all, ignoring your requests to move past a word that the previous member used and instead is wasting the House's time trying to incite disorder as

opposed to speaking to the merits of this bill. Again, the term "corrupt," I believe, is unparliamentary. I would love the Opposition House Leader to try to speak to this.

Apparently, a new source just came in. It's on page 149 of *Beauchesne's* parliamentary procedures and practice. Yes, Mr. Speaker, the word "corrupt" from *Debates*, 1980-83, was ruled in the past as unparliamentary.

The Speaker: The Opposition House Leader.

Mr. Cooper: Thank you, Mr. Speaker. It's my pleasure to rise and speak to the point of order just on one very brief point. I think that the hon. member will be able to speak for himself, but I might just add that during the point of order the Deputy Government House Leader made some accusations about the member and what his intentions were. I just might add a bit of caution to my colleague on the point of order. It is not an ideal scenario when during a point of order we make accusations about what his intentions were or weren't, the reasons why he was using those types of words or why he wasn't. I'm certain that the hon. member will be able to speak for himself with respect to those exact comments.

The Speaker: Any other comments?

Mr. Hunter: Mr. Speaker, I would like to withdraw that statement.

The Speaker: Thank you.

Debate Continued

The Speaker: Are there any other questions under 29(2)(a) to the Member for Barrhead-Morinville-Westlock?

Hearing none, the Member for Calgary-Mountain View.

Dr. Swann: Thank you very much, Mr. Speaker. It's my pleasure to speak in third on Bill 10, Fiscal Statutes Amendment Act, 2016. You know, it's so interesting to hear one side talk about ideology and another side talk about ideology. They're both ideological. They both have fixed beliefs about how to manage a declining economy. One says that austerity doesn't work. The other says that austerity works.

Well, why don't we ask a few experts like Nobel prize winner in economics Paul Krugman? He talks about the delusion of austerity and, when an economy goes south, how much damage it does to children, to the vulnerable, to families, to health care. In fact, from 2009 to '13 he compares various countries in the OECD that approach a declining economy with strict fiscal constraint and those that actually borrow and invest. He shows in graphic form how they have debunked the whole notion of cyclical spending, and now most of the world has embraced countercyclical spending. You borrow at the time when the economy goes down because interest rates are low, people need support, infrastructure is needed, maintenance hasn't been maintained, low prices for labour, low prices for infrastructure building.

You guys are way out of date in your reading. I don't think you've read any of the economists because you continue to harp on the same notion, that austerity at a time of suffering will somehow improve the economy and build a new economy. Well, clearly, that has been shown repeatedly to be wrong. Countercyclical spending is the norm of the new economies of the world.

Mr. MacIntyre: With a plan to pay it back.

Dr. Swann: Yeah, with a plan to pay it back. That's the missing ingredient, a plan to pay it back. I agree with that, but stop pushing austerity.

The Speaker: Through the chair, please, hon. member.

Dr. Swann: I got a bit animated there, Mr. Speaker. I apologize.

Debt is a serious liability. There's no question. Capital is an investment. Operating costs must be questioned. Capital investment is a good investment. I don't mind seeing debt around new infrastructure. Maintenance of falling infrastructure: excellent; we need that. Ongoing operating costs: we have to find another way, and we need to find that through a plan.

It would be very helpful for all of us here, I think, to hear some options about what this government is thinking about beyond an alternate economy that we're trying to build. I think we need to talk about other sources of revenue: user fees, all kinds of new creative investments on roads, and making sure that we are all paying our way because, truly, we are passing on this massive debt to the future.

Having said that, you put in an artificial debt cap, which was well, well below the rest of the country. For whatever reason you now have to rescind it. I don't hold you too much at fault for that. You were trying to demonstrate to the world that you recognize the problem of debt. Well, clearly, with the rest of the country in the 30 and 40 percentiles for a debt-to-GDP ratio, you're a long way from that, but obviously we would like to see you put in some limit. I mean, not just lift the cap. What is it you're actually going to try and target? It would give us all some confidence.

9:40

I've talked about Paul Krugman and his countercyclical spending. A Nobel prize winner, he received that because of his excellent research around austerity and the damage it has done around the world. Spending during surplus aggravates labour costs, building costs, and, in fact, creates the boom-and-bust economy that we have been struggling with all these years. You guys – I'm talking about the ND government – have indeed inherited a massive infrastructure deficit. You've inherited a maintenance deficit. You've inherited an economic decline unprecedented in at least the last 20 years.

You have made a new commitment to addressing climate change, which is laudable, but that means necessarily challenging your budget. You've made a commitment to shift to a new economy and made a serious commitment in terms of looking at ways to stimulate new energy and new businesses in general. To your credit, I guess, you embraced the notion that small business needs a break, that capital investment tax deductions are probably a good other way to invest in new business. So you're learning. I appreciate that. What I would like to see and that I think many people would like to see: if not another cap to replace this one, at least a plan to repay. That's been missing.

Having said those things, I have come around to actually moderate my opinion of this lifting of the debt cap. I can live with this because of what you've inherited and because of the countercyclical spending, that is not ideological but is based on evidence from around the world that you spend during a decline in the economy and that you take care of people and that you invest in new infrastructure, especially with low interest rates. This is the time when we might get a real stimulus for a very broken economy.

I will be supporting this bill although initially I was planning to vote this down. I look at the history of this debt cap. You're the first ones that put a debt cap on. It's a third of what most of the rest of the country has for a debt-to-GDP ratio. According to the Fraser Institute the only province spending a little less than us in the next four years is Saskatchewan in terms of program expenses per GDP and general expenses per GDP. Let me say that most of the eastern

provinces are up to four times higher in debt to GDP. So it's not like we're way out of line with the rest of the country.

No, we don't want big debt, but let's look at it relative to the country. Let's look at it in the context of an economy that has really gone south and recognize that in 2018 the Fraser Institute predicted that only B.C. and Saskatchewan would have slightly less debt to GDP than Alberta. We're still ahead of the rest of the country based on our projected budget for 2018 according to the Fraser Institute. I mean, let's get serious and get on with the business here.

Thank you.

The Speaker: Any questions under 29(2)(a)? The hon. Member for Spruce Grove-St. Albert.

Mr. Horne: Thank you, Mr. Speaker.

The Speaker: Under 29(2)(a)?

Mr. Horne: Yes, 29(2)(a). Thank you, Mr. Speaker. I was very interested in the hon. Member for Calgary-Mountain View's comments on Bill 10. In particular, I was encouraged by his interest in infrastructure spending. I've been thinking about this a lot lately, and the best way I can characterize what I have learned through my political science studies about the position we were left with, coming out of former Premier Klein's days, was that we may have paid off the mortgage and championed the paid in full and had the mortgage-burning party and everything that went with that, but the roof was falling down, the door was off the hinges, and we had a kid on the way.

An Hon. Member: And no food in the house.

Mr. Horne: And no food in the house.

So I was very encouraged by that.

Another point that the hon. member made that I was particularly interested in was in talking about some of the prominent economists who are currently taking a slightly different position than the Official Opposition. Earlier today I saw a report from the IMF, the International Monetary Fund, which is noted for historically pushing austerity, especially in Africa and developing countries, although earlier they came out and said that austerity isn't working and that we need to start looking at different options.

I was wondering if the hon. member would like to expand on those thoughts.

The Speaker: The hon. Member for Calgary-Mountain View.

Dr. Swann: Well, thank you very much. I think that it's a relevant comment. The IMF has for a long time championed structural adjustment, which means bringing budgets into line with western countries, meaning that when you get into a debt problem, you cut services. Indeed, what they have come to is that they cause much more damage and increase the debt load, in fact, because people were no longer able to work, didn't have the supports they needed, were dying at a higher rate, infant mortality. Indeed, injury standards in the workplace fell with the very cuts that were supposed to improve a budget. But, in fact, it was just a number on a page while people and systems suffered drastically.

I think the evidence is in. If people will look at the evidence on a global level and look at the way that cyclical spending has caused damage to societies, countercyclical spending has stimulated growth and sustainable growth in many cases. They're even looking at this in Greece. They're looking at it in Spain and finding ways that they can both restrain inappropriate spending and corruption, for sure, but ensure that the dollars go into the purposes for which

they're intended, will actually stimulate jobs, the economy, provide stability in the social services, and actually provide a basis for renewal and stability.

Thank you, Mr. Speaker.

The Speaker: The Member for Calgary-Foothills under 29(2)(a).

Mr. Panda: Thank you, Mr. Speaker. I heard the hon. Member for Calgary-Mountain View talking about the plans to repay the debt. Many of his Liberal colleagues like Hon. Paul Martin also had the same views. Their view was, you know, that we had to maintain the deficits to a reasonable extent and that we should have a good debt repayment plan so those interest monies are not wasted.

The hon. member is a good doctor. We also heard from people here that spending is an addiction; if there is no control, you know, it could go out of control. As a doctor what would he prescribe for the addictive spending by this government? I would like to ask him.

Dr. Swann: Well, I don't know that addiction can be associated with borrowing any more than austerity. I think what the member is talking about is dogmatism. It's dogmatic in your particular brand of conservatism that you cut services and you cut spending during a time of austerity.

The Speaker: Thank you, hon. member.

Any other members that wish to speak to Bill 10? The Member for Innisfail-Sylvan Lake.

Mr. MacIntyre: Thank you, Mr. Speaker. I rise today on behalf of the magnificent riding of Innisfail-Sylvan Lake.

Mr. Cooper: The incredible riding.

Mr. MacIntyre: Incredible? Yes.

An Hon. Member: Outstanding.

Mr. MacIntyre: Outstanding.

To address Bill 10, the Fiscal Statutes Amendment Act, 2016, the intent of this bill is somewhat troubling. The elimination of Alberta's debt ceiling will reduce government accountability. This piece of legislation is an attempt by this government to avoid the scrutiny that will come from Albertans when the NDP outspend the 15 per cent debt-to-GDP ratio that they themselves amended just a few short months ago. In just three short years this government is projected to outspend its own legislated debt ceiling.

9:50

Just a few short years ago Alberta was a debt-free province, and now we have a government that without regard for the fiscal health of our province wants access to unrestrained borrowing. This is, quite simply, intergenerational theft if you think about it. It is burdensome upon people who are not yet even born. The generations who are not yet born in this province are going to bear this debt. That is unfair to them. If one of the foundations, one of the pillars of democracy, is no taxation without representation, in a way we are taxing future generations who aren't even here yet. They're not being represented properly.

Our province's once pristine triple-A credit rating has already been downgraded by Moody's, DBRS, Standard & Poor's. If we look closely at this government's and the previous government's management of Alberta's assets, there is no reason left to wonder why numerous credit agencies have used their credit ratings to express their concern about this government's plan to spend Alberta off the debt cliff. The ability for our province and this government

to enter into unconstrained debt is worrying to our creditors, and justifiably so.

A little over a year ago the NDP was promising Albertans that they would be tabling balanced budgets three years into their term. Do you remember that? Just three years into their term they promised balanced budgets. Now the NDP are projecting they would not be able to balance the budget until well after they are out of office, in 2024. This government did not take the extent of Alberta's troubled financial position seriously when they ran to run this province in the election. The previous budget maintained fantasy projections which have done little more than showcase to worried creditors and Albertans that there is no real plan except to spend and tax, spend and tax.

Just six months ago, in October 2015, the Minister of Finance had us all in the House debating raising the debt ceiling to 15 per cent debt to GDP. Now here we are today, just a few months later, and the government now realizes that raising the debt limit isn't enough, and they need to remove it entirely. The quotes from those debates are telling. A few short months ago, on October 29, 2015, the Finance minister told this House:

Our government takes seriously our role as stewards of Alberta's treasury. That means managing debt in a prudent manner. To that end, Bill 4 proposes a legislative debt cap based on a nominal debt-to-GDP ratio of 15 per cent.

He said, "Our government takes seriously our role as stewards of Alberta's treasury." He said, "That means managing debt in a prudent manner."

It's obvious to all Albertans now just how little those promises meant. There is no lingering intention on behalf of this government to show fiscal restraint or prudence for the serious role of stewarding Alberta's financial position. Instead of prudent fiscal management, the minister now wants the members assembled in this House to make the irresponsible and rash decision to abandon their commitments to leaving the next generation of Albertans in a strong financial position.

In addition to a manageable debt-to-GDP ratio, our creditors require assurances that borrowing will not get out of hand. Our own Finance minister told Albertans that raising the debt cap to 15 per cent was the way to do so. Just a few short months ago the minister told the Speaker:

The bottom line, Madam Speaker, is that a 15 per cent debt to GDP is a prudent benchmark for limiting government debt. With this cap in place, Albertans can be assured that the government's borrowing will not get out of hand.

The Finance minister has himself stated that a limit on our debt is a way to ensure that his own government is not borrowing in an unrestrained fashion. The minister himself spells out the case against the bill before this House today in his own words. The government, a government that has already committed itself to not balancing the books during their elected term, is removing the legislative entities he praised as protecting Albertan interests.

Again, October 29, 2015, the Finance minister told the members:

The debt cap provides sufficient flexibility to the government as it implements its financial plan while maintaining a manageable limit on the amount of debt government can take on. Comparatively speaking, the proposed limit of 15 per cent is one half of the average debt-to-GDP levels weighted by each province's nominal GDP. For your information, Madam Speaker, two out of three credit rating agencies that rate the province report net debt to GDP as a measure of their credit reports. Dominion Bond Rating Service states that a triple-A rated province should have debt-to-GDP ratio of less than 15 per cent.

Mr. Speaker, the Minister of Finance was told by the credit-rating agencies, by Dominion Bond Rating Service, that "a triple-A rated province should have debt-to-GDP ratio of less than 15 per cent."

The Minister of Finance himself has admitted that he knows full well that to exceed a 15 per cent debt-to-GDP ratio endangers our credit rating, yet he insists on doing it anyway, in spite of the warnings of the credit-rating agencies. Mr. Speaker, I submit to this House that that is irresponsible. Credit agencies have been clear about their expectations of a resource-dependent economy. Ours is not a unique economy, but in a global sense it is. A debt-to-GDP ratio of 15 per cent is, in and of itself, too high for a resource-dependent economy like Alberta's seeking to maintain a triple-A credit rating. That was clearly expressed by the bond-rating agencies. Again, this minister disregarded those warnings and forged on ahead, now taking the cap off.

The province's recent downgrades are not because we have exceeded the 15 per cent nominal debt-to-GDP ratio. We are actually three years away from that. It is in part because there are higher expectations on an economy that is blessed with resource wealth. If you read the parameters that the bond-rating agencies publish, the metrics that they are looking for when they grade jurisdictions are really very clear. I mean, they're very transparent about the metrics that they use to grade every jurisdiction. Whether it be a city, a state, a province, a nation, there are those metrics. Any Finance minister, any business manager, any provincial government person can go and read those metrics, can say: "Aha. Okay. This is what the bond-rating agencies judge us by. Let's make sure we don't exceed those." Yet it would appear that this government has completely disregarded those metrics time after time after time. We just experienced our fourth downgrade. That is irresponsible management, Mr. Speaker. Irresponsible.

The commodities market is volatile, and the debt and revenue of an economy such as Alberta's requires prudent management just by virtue of the volatility of resource commodities. This is not new news. Alberta has gone through boom-and-bust, boom-and-bust, boom-and-bust ever since Leduc No. 1 came in. This is not new news. Governments have a responsibility to think ahead, to forward plan, and to plan for the unexpected, and this government is not doing that. Their answer to problems that arise fiscally is: well, we're going to spend anyway, and we'll just tax to make up for it. Well, news flash: when the economy is going down, down, down, there's less tax revenue coming in to this government. You're going to have businesses that will not be paying tax because they are not making any profit. You're going to have restaurants not paying any tax because they don't have customers coming in to buy those meals anymore. People are out of work.

It is not just the Finance minister that has failed to be transparent with Albertans about what creditors expect of Alberta. The Member for Calgary-Hays took the Finance minister's lack of transparency even a step further. In spite of numerous early warnings from our creditors that Alberta was on the wrong trajectory financially – and let's be clear, Mr. Speaker. We were warned in advance by those credit agencies. They issued warnings. The member, in my opinion, made questionable statements to constituents just a few short months ago while we were debating the NDP measures last fall to implement a debt ceiling. Let me quote that.

The 15 per cent ratio... is the ratio that's regarded as a reasonable and manageable limit by our credit-rating agencies. During other debates in the House that comes up rather often, and we still have a triple-A credit rating, and there's been no indication that this 15 per cent plan would do anything to harm that.

Yet we were warned by the credit-rating agencies that we were at risk of experiencing a downgrade.

10:00

What is so troubling to Albertans is that this government has consistently demonstrated its refusal to heed warnings when they are given to them. Shortly after these remarks Alberta lost its triple-A credit rating. The near \$58 billion of debt that the NDP government has committed the province to by 2019 will now cost Albertans even more. Losing our credit rating and allowing unchecked debt to rack up has serious consequences for Albertans. Our ability to provide services to the next generation is being compromised. For any person in this House, Mr. Speaker, myself and yourself included, when we have bank charges or debt-servicing charges, that's money we can't spend on things for our family. You and I both know that. The same is true for governments.

This government has Alberta on a trajectory to hit \$58 billion of debt by 2019. Interest payments, as we've heard time and again, will be over \$2 billion, and that's at today's credit rating and today's interest rate. If we get into an inflationary cycle or, rather, an interest-increase cycle – Mr. Speaker, you and I are old enough to remember 1981, 1982. Those interest rates were killing jobs, killing companies. People were losing their houses just because the interest rate went up a point or two. If that starts happening, that \$2 billion will seem like pittance compared to what the interest rates will be. That's a lot of schools. That's a lot of medical centres. That's a lot of teachers, nurses, and other things that we need in this province. That's a lot of infrastructure maintenance.

This year alone this government has already chosen to completely draw down our contingency account and add \$5.4 billion in new borrowing just to cover ballooning operating costs. That means borrowing to pay for the day-to-day operations of government. Operating costs are not a good or a service that Albertans will be passing along to the next generation. Unborn Albertans themselves will not derive any benefit for operations that precede their birth, yet we are callously saddling that generation with this generation's debt.

Back in November my colleagues warned that a piece of paper that tells the government that they cannot exceed a 15 per cent of GDP debt level is, frankly, not worth the paper it's written on. Exactly what Wildrose and Albertans feared would happen is now happening.

We have an onus, a solemn onus, to our children and our grandchildren to pay for the services that our generation consumes as we consume them and to not put that on their backs. Spending away their future is repugnant. It is the wrong choice. Alberta needs to get back on the right track and commit to maintaining a manageable deficit during times of great financial pressure. Albertans don't need this NDP plan to throw budgetary caution to the wind.

A number of years ago I saw a bumper sticker. Mr. Speaker, you've probably seen the same one. It said something like: I'm spending my grandchildren's inheritance. That's...

The Speaker: Thank you, hon. member.

The Member for Calgary-Foothills. On 29(2)(a)?

Mr. Panda: On 29(2)(a). Thank you, Mr. Speaker. I was quite impressed with the way the hon. Member for Innisfail-Sylvan Lake was trying to educate us on the downside of continuous borrowing and paying higher interest rates. He was also trying to explain that this credit downgrade will, you know, limit our ability to borrow in the future and will also cause us to pay higher interest. I just want to ask the member: what are your thoughts to get our credit rating back to the previous level, and what should we be doing different than what the government is doing now?

Mr. MacIntyre: Thank you, hon. member, for the question. I think it is crystal clear. The metrics that I was talking about, that the credit-rating agencies have, are very clear. They're very concise. They make it known world-wide what they expect. And let's understand why the credit-rating agencies have these metrics in place. You know, some of the largest investors in the world are not rich people that jump into a pile of dollar bills at the end of every day. Some of the largest investment groups in the world are union pension funds. Union pension funds. They are some of the single largest investment groups in the world, and those people are relying on those investment managers to make sound investment decisions so that when those union workers retire, they have something to retire on. Those fund managers are expected to make those funds grow year by year.

So in the world of investment those investment managers have metrics that they're looking for, and they do a risk analysis on every investment that they make. One of the metrics in the risk analysis that fund managers look at is the stability of what they're investing in, whatever that may be. It could be a bond for a province, like this province is going to be doing. They look at the stability, the safety because all investors are what's known as risk averse. They're all risk averse. They want safety, safety, safety because they are managing other people's money, and it is so important, then, for them to trust in the safety of the investment that they're making. If they distrust the safety of the investment, they require a higher rate of return.

When Standard & Poor's and these other rating agencies are looking at a particular jurisdiction like Alberta, the investment community is looking at the rating agencies and saying: "How do you rate them? Is this a safe investment for our union pension fund, our union retirement fund?" And the rating agencies are going to come back and say: "Well, actually, you know, Alberta is not looking too good because they are not doing anything to rein in their spending. In fact, they've taken the limit off spending." This is a danger signal to fund managers, and they have a solemn responsibility to those investors, which are future retirees, to protect that investment. This government is disregarding those metrics, basic financial metrics that every jurisdiction has to abide by.

In the end, Mr. Speaker, when this Legislature passes this bill, I'm expecting another downgrade. I think it's inevitable, and that is sad and very unnecessary. All this government has to do is to get their spending – their spending – in order. Really.

Thank you very much.

The Speaker: Any other questions under 29(2)(a)?

Are there other members wishing to speak to the bill? The Member for Grande Prairie-Smoky.

Mr. Loewen: Thank you, Mr. Speaker. Bill 10, the Fiscal Statutes Amendment Act, 2016. Really, what this bill is about is accountability. That's what a debt ceiling does: it makes the government accountable. But, of course, having no debt ceiling removes that accountability, so there's nothing to keep the government in line, nothing to keep them from going even further in debt. It's about taking responsibility for your actions, taking responsibility for your fiscal plan.

Be assured that this will cost Albertans money. This will cost in increased taxes, and of course it'll cost us in the credit-rating downgrades that we've already had. And we're likely to have more. It's all about credibility. These agencies that rate the credit of Alberta want to see some credibility to Alberta's finances. They want to make sure that there is a plan in place. But, again, there's no plan here; therefore, this is a plan to fail.

10:10

Now, one of the previous speakers talked about spending money in bad times. That was a good plan, he figured. Well, an even better plan would be to save money in good times, and then when you do have bad times, you have some money. But that money is all gone, Mr. Speaker. It's all been spent, and there's no plan for anything, with this government, as far as fiscal management other than to spend more and tax more.

Now, it seems like Alberta has a spending addiction, and removing the debt limit just enables it to continue. We're not even at six months after the 15 per cent debt limit was put in place, and already we're removing it. The government's projection was 15.5 per cent. Why couldn't they at least have put the limit there, at 15.5 per cent? Instead, they take away the limit altogether. Of course, that takes away credibility. That's something that these debt-rating agencies worry about. That's what their job is, to rate governments on their financial worthiness.

Basically, the government has lost control. They don't appear to have any interest in trying to regain it. Alberta spends \$10 billion more on government than B.C. or Ontario on a per capita basis for operations. It's not right to just keep borrowing and borrowing for day-to-day operations.

Now, government debt has consequences for Alberta families and for the government's ability to deliver the services they rely on. With a 15 per cent debt limit, which is going to put us into debt \$58 billion to \$60 billion by 2019, that will be \$2,000 a year per family just to cover interest payments. There's no way we can support a bill that opens the door to increasing that number to that degree. This government's approach to debt and deficits is not responsible. It's wrong. It's passing the buck not only to Albertans now but to their children and grandchildren. They'll be expecting them to carry the tax burden of this government's choices, and that's not right.

First, the government says that we can afford to go in debt because we have the lowest debt-to-GDP ratio in Canada, and they talk about the weighted average and all those sorts of things. But the fact is that deficits and debt are like a ball and chain tied to our economy. They don't help our economy; they hurt our economy. The more we borrow, the longer it'll take to pay it back. And the more we have to put our credit rating at risk of being downgraded, the more interest we have to pay.

Now, less than 24 hours after the budget was released, we'd already been downgraded from triple-A to double-A. That was less than 24 hours. We can't blame that on the price of oil, Mr. Speaker. That's clearly as a result of the budget. Clearly, that's exactly what they said. They didn't say: oh, the price of oil is low; therefore, we had to downgrade your credit. They used examples from the budget and said: these are things that need to be done. These are things that worry the credit-rating agencies. They actually warned that the budget will exert growing pressure on Alberta's credit rating, and that will cost us. That's exactly what they said, "will exert growing pressure" on our credit rating.

Now, anybody who's ever had a mortgage or has financed a car knows that a lower credit rating means higher interest rates because there's more risk for the lender. The higher the risk, the higher the interest rates. We've talked about the predatory lending bill here. The higher the risk, the higher the interest rates. So why do we want to put ourselves into that position? I don't know.

A deficit budget means that the government is borrowing more than it's making. It's simple math that way. If you spend more than you take in, that's a deficit. When borrowing costs go up, the government, with no plan to rein in spending, will have to seek out further revenue sources. When royalty revenues are low, finding revenue sources, of course, means hiking taxes on Albertans. Here

we're talking about a carbon tax, so it's already happening. And it's not just the \$3 billion carbon tax. This government has hiked personal, corporate, and other taxes in the last year. They've hiked more fees. It's just a continuous cycle of tax and spend.

Now, I wish the government could at least tell Albertans how much more they'll have to pay in interest once Alberta is fully downgraded. Even at this point can they tell us how much more we'll have to pay in interest? The Premier had said that she knew Alberta's credit rating would be downgraded after the budget, so why did she not choose to present a budget that showed at least some restraint so creditors might have a little more faith in Alberta? Why not have a debt ceiling limit?

The NDP government inherited a 44-year-old, dynasty-run government that was spending far above the national average and far above our neighbours, as in British Columbia. Are Albertans really to believe that there wasn't considerable waste to be found?

Now, when the government says that it refuses to exercise fiscal restraint for the sake of helping Albertans and then has to turn around and tax Albertans to cover the cost of its short-sighted borrowing habits, it's hurting the very people it claims to want to help, and that's just not right. That's misleading Albertans, and it's something that we won't tolerate here in the Wildrose. The Wildrose savings suggestions actually protect teachers and nurses not only by strategically hiring more of them but by keeping the cost of government sustainable so deeper cuts later are not needed.

Ultimately, Albertans will pay for the government's debt, and the cost will be more than just financial. Now, one of the members on this side went through some figures as far as what we could do with the \$2 billion a year in interest that we're going to be paying: how many hospitals we could build, how many teachers and nurses we could hire. But that money is going to be gone. It's not going to go to Albertans; it's going to go to interest. It's going to be gone. Now, the more taxes Albertan families have to pay, the less money there is for after school activities for the kids, less money to save for college or university or to save for the future of a child with developmental disabilities. These are the costs of debt and irresponsible spending. It's wrong to pull Albertans into a debt spiral.

Now, interest payments on debt will soon be one of the biggest government expenses after health, education, and social services. Can you imagine? We'll most likely be spending more on debt than we will on transportation. That says something, I think. That's huge. They'll be spending more on debt servicing than protecting our environment or keeping our streets safe.

The bottom line is that in the long run unlimited debt hurts those it pretends to help because it not only drains money from Albertans' pockets, but the interest payments suck government resources away from important services that Albertans need and expect. Higher taxes don't just mean less money in your pocket at the end of the month. They don't just mean less money to put your kids in soccer, dance, gymnastics or less money to save for their education either. They mean higher prices for everything because businesses will be forced to pass higher costs on to Albertans. Everything from gas to groceries to school supplies and sports equipment will cost more if taxes go up. It will reduce our competitiveness. It will reduce tourism. As people come to this province, they'll have to pay more, and that's on top of the increases that will come from the NDP's massive carbon tax, which will cost a typical family an extra thousand dollars a year already.

10:20

Now, if this bill is passed, our debt could be even higher than the \$58 billion that it's projected to hit before the next election. There won't be any limit, so they'll have no encouragement to keep it

below. Reckless debt accumulation does not bring you back to balance. We have to attack wasteful spending while protecting front-line services, and it can be done, Mr. Speaker. Wildrose laid out its plan to save \$2 billion a year in its budget savings recommendations without losing any front-line staff.

Let's be clear. This bill is about enabling higher taxes and more debt because this government refuses to reduce our bloated spending. Eliminating the high debt we had in 1992 was part of the Alberta advantage. It allowed for lower taxes. More debt means more debt-servicing costs.

I just want to mention something. We talk a lot about the infrastructure deficit. The government is always talking about that. Well, the other day here in the Legislature one of the members on this side asked the Transportation minister about his cuts to highway maintenance. He talked about

dangerous cracks, potholes, and missing shoulders . . . [that] can easily pull a vehicle travelling at highway speeds off the road. Why is the Minister of Transportation putting Albertans at risk by making dangerous cuts to core public safety functions like road maintenance?

Now, the Minister of Transportation says, "This is not an ideal choice, and I am hopeful in the future that as the financial position of the province improves, we will be able to restore this funding." So even with this massive amount of spending, we can't even take care of our infrastructure, Mr. Speaker. How much money do we have to spend to be able to help take care of our roads, too?

Obviously, there's a problem with spending. If we're spending all this, \$14 billion more this year than we're going to take in – \$14 billion in one year more than we're going to take in – and we can't fix potholes and cracks in the highway that will help reduce our infrastructure falling apart down the road, that doesn't make sense, Mr. Speaker. It doesn't make sense at all.

I'll get back to debt-servicing costs. Debt-servicing costs could be spent on schools, hospitals, roads. That's where the money could be spent. Debt servicing is just throwing away money on interest payments caused by bad economic policies. The debt interest payments will soon be \$2 billion a year and threaten to erode our services.

Thank you, Mr. Speaker.

The Speaker: The hon. Opposition House Leader.

Mr. Cooper: Thank you.

The Speaker: Under 29(2)(a)?

Mr. Cooper: Yeah, under 29(2)(a). Our colleague was speaking about debt-servicing costs. I'm just curious to know if he's given any consideration to the impact that those will have down the road with respect to monies that we might not be able to spend on hospitals or schools or nurses or doctors or teachers and, additionally, if he would like to provide any other comments on the impacts that he might be concerned about in having no restriction on the amount of debt that this government can carry to his grandkids. I know he is a good, good grandfather and is concerned about the future of our province, so I wondered if he might be able to provide some comment on that.

The Speaker: The hon. member.

Mr. Loewen: Thank you for the question. Yes, it's hard to sit here in this House and listen to the fiscal plan, which is basically a plan to fail because there isn't a plan, and think about our children and our grandchildren. What are they going to do? We sit here and think about the \$2 billion and what could be done with this. How many

more things could be bought with it or paid for with it than just giving it away in interest?

Again, we have a government here that seems to talk the talk about spending money on infrastructure and taking care of this infrastructure debt that they were left with, but they can't even fix the potholes in the road. They can't even fix the cracks in the road. They're cutting that. If that's what \$58 billion worth of debt – and of course that's projected debt. Just a few months ago what was the projection then? It wasn't \$58 billion; it was substantially less. It just keeps going up. Every time they come up with a new budget, the number is higher and higher. Obviously, why they don't want to put a debt ceiling on is because they don't have any confidence they could keep within it anyway.

Interest can work for you, or it can work against you. When you have money in the bank, when you've saved in the good times, then interest can work for you. You can do things with that interest. You could leave it in the bank and let it compound. That would be a good thing because then you would have money when you need it.

The government back in the day created the rainy-day fund, the sustainability fund. At one time it was \$17 billion, \$18 billion. Well, it appears that in Alberta it's been raining for eight years. That doesn't make sense. How does it make sense that for the last eight years every year we've spent more than we've taken in? It doesn't make sense. We've had \$100-a-barrel-plus oil through that time period, and we still spent more than we took in. We've blown our rainy-day fund. It's been raining for eight years in Alberta according to this government and the past government.

Let's be clear: a \$14 billion consolidated deficit. In the next year \$14 billion more will be spent than is taken in. Just that one year would have wiped out that whole sustainability fund if it wasn't gone already, but unfortunately it's gone, and now we're going to be sitting here with \$58 billion of debt. Our financial position from when we had \$17 billion in the bank in the sustainability fund to what it'll be in three years, in 2019, is probably \$70 billion or more. That's the difference between what we had and how far into debt we're going to be. That's enormous, and it's not necessary.

This government needs to take this seriously. The bond-rating agencies have spelled out the facts, they've spelled out what this government needs to do for them to have some confidence in their fiscal responsibility, but this government hasn't taken any of that advice. They haven't taken any advice from the Wildrose either. We've tried to make amendments.

The Speaker: Thank you, hon. member.

Are there members that wish to speak to Bill 10? The Member for Chestermere-Rocky View.

Mrs. Aheer: Thank you, Mr. Speaker. I rise today in this House to speak to Bill 10. [interjection] Pardon me? Sorry. Did I miss something important?

May I continue?

The Speaker: Please.

Mrs. Aheer: Thank you, Mr. Speaker.

It will remove Alberta's recently raised debt ceiling. I know we've been talking about this a lot. Just to bring to light some of the things that the Member for Calgary-Mountain View had said earlier about deficits and about helping the vulnerable, about making sure that we're able to protect people and that we have the money to do that – I don't think anybody in here would dispute that.

10:30

I think the consideration that we have to think about, too, is not just right now but the longevity of those plans as well, right? I know

you're laughing when we talk about our grandchildren. It's not a particularly funny aspect to me. I'd really like to be able to leave them something and know that we were part of a legacy of something that we're building.

Thank you, Mr. Speaker. Thank you for the reminder.

I would just like to mention that I don't dispute that anybody in this House has any ulterior motives with regard to that, but the overspending is an issue, and that's the direction that this discussion needs to go. Anybody who can't see that is not understanding the mismanagement that has happened in the past, that we can't learn from our mistakes, taking that forward and making changes as a result of past mistakes. I say that lightly because I'm new to this, and this is relatively new information for me as to how to move forward, and I'm not the government. I don't cast any aspersions as to the things I don't know, but what I do know is that there are things that are happening with this government that are showing absolutely no changes and no thought process to things that have happened in the past, and that's not acceptable.

We keep speaking about how Alberta spends \$10 billion more on government operations than B.C. or Ontario. Ontario does have some economies of scale, but there are 13 years of big-spending Liberal governments in the Toronto region, and the Toronto region is hardly cheap to operate in. B.C.'s population is only a little larger than ours. The province is bigger, the roads have to be built through mountains, and Vancouver is very expensive to operate in as well. So one might think that Alberta's government would be able to spend less than our neighbouring provinces on political operations, not more. One would think that our per capita expenditures should be lower than British Columbia, yet we spend \$2,400 per capita more.

Why is it that the government refuses to consider why this might be? We're asking legitimate questions of why. It can't just be oil. It's not possible. There are mismanagement issues here, plain and simple. The refusal to consider the why is so strong that the government would rather permanently remove a cap that actually holds you to account. The very things that you campaigned on, something that you can be proud of, where you say something and you stick to it and you work within that premise that you started with: that's accountability. It takes thoughtfulness and management and forward thinking to understand how you can work within something that you have already made a decision about how you are going to go forward. That's accountability.

A \$10 billion difference, Mr. Speaker, is a significant amount. I think what's worse is that we are not receiving any answers as to why it costs so much more to build roads in Alberta, to build schools in Alberta, and to build hospitals in Alberta. British Columbia has mountains to contend with. It has oceans. That means for many residents in the mainland that B.C. is only accessible through bridges or ferries from its islands. There are clear infrastructure challenges due to B.C.'s innate remoteness that come as a consequence of their mountainous terrain, and B.C. still manages to provide its residents with world-class services in spite of its vast isolation created by mountain ranges, oceans, and islands. There are communities in northern British Columbia where road access is so limited that you can only fly or ship products there, and these challenges seem to be managed and mitigated. It's just something to look at, an opportunity to see what is being done differently. The challenges are managed, and adequate services are provided, and they're paying much less per capita to do so.

On the other hand, I would assume that we have a far less challenging terrain – and please correct me if I'm wrong – yet we can't manage our infrastructure spending. I don't understand. The mismanagement can only be attributed to a misunderstanding of

how to spend money appropriately. It's been called an addiction. It's been called lots of other things. Call it what you will, at the end of the day that falls on your shoulders, your legacy.

We spent during the boom times way beyond our means, and we've spent during bust times way beyond our means, and Alberta taxpayers feel betrayed. They feel betrayed by entitlement and the fact that a government can think that it can recklessly spend taxpayer dollars. It is not our money. Every time that we step into the ring to decide where that money is going to be spent, the priority has to be that this is not our money. They are not our dollars. We have a responsibility to spend taxpayer dollars in a way that is going to benefit Albertans not just today but in the future as well. Albertans see that this new government is doing nothing different and has not learned anything from the past. We're asking you to take a look inward and try things a little differently. Massive overspending is alive and well.

Balanced budgets aren't ideological. Every government should be trying to do this. It's the right thing to do regardless of party politics. Again, we're talking about our kids and the future and our grandchildren. I just can't imagine how anybody in this House could not see that as being the imperative directive of how we move forward, forward thinking, because it takes us out of the mix. It's about the future.

With the debt today, that we're talking about, there's a social responsibility that comes along with being that arbiter of those hard-earned tax dollars, especially right now. All of us know how our constituents are suffering right now. All of us know. We have such a tremendous responsibility to be so careful with those tax dollars that are coming in. We have people that are earning a third less than what they were earning a year ago. That's a tremendous difference in the tax dollars that are going to be coming in for this government to spend. That's an important – important – responsibility to consider when you are having the responsibility of spending those dollars on behalf of Albertans.

Albertans are asking for answers, and instead the government looks to be reducing their accountability. The government is making it such that you don't even want to face the questions from the Legislature as you spend us off the debt cliff. My colleagues and I have stood in this House emphatically and detailed for the government what the consequences of this bill look like, I would wager to say, over and over and over again. The Wildrose has said that releasing this government from its obligations to manage debt is a course that will lead all of us into a situation that I don't think any of us quite understand.

Fifty-six billion dollars: after you say it enough times, it doesn't resonate. You just get used to the number. You get used to that horribly humongous number, and then it becomes a justification. The number has to mean something. That huge number, \$56 billion, needs to mean something. It needs to mean something to every person in this House as you go forward and spend those dollars and have to justify to Albertans where that money is being spent.

This shows Albertans and our creditors that the government has lost control and has no plan and no direction. For Albertans this bill unleashes the NDP from the burden of sensible financial management, Mr. Speaker. The government will be permitted to spend Alberta off this fiscal cliff, increasing the debt burden for every single Albertan without a single clearly laid out intention of how to manage the debt.

The government holds responsibility to more than just the Albertans of today; the government has a responsibility to the Albertans of tomorrow. The government's commitment to stable funding is nonsense if the government can't figure out a way to sustain the levels of funding it seeks to provide. It seems like a common-sense mentality. How are you going to provide these

programs that are so important without understanding how you're going to sustain them? On the backs of whom? I'd like to know.

10:40

The longevity of services and programs is paramount to the success and happiness of Albertans and of their communities. Communities and citizens come to depend on these programs. What's going to happen when you're promising programs and the government will not be able to sustain those? People will be depending on programs that this government cannot provide. It's the government's job to make sure that the level of service being provided is sustainable and fluid and that the services that are being provided are quality services and that it doesn't ebb and flow with the amount of cash flow that's coming through the government.

It can't fluctuate with economic times. You can't all of a sudden have a service that depletes as a result of economic times. Are you going to justify that because the economics are low? That means you have to have a sustainable plan in order to make sure that that program is sustainable. The only way to make sure that the levels of service are maintained through this time is to work at providing them efficiently. That's what Albertans are asking for. They want to know, Mr. Speaker, how that money is going to be spent, how those services are going to be provided, and how Albertans, that we take these taxes from, are going to pay for this. The bill provides little more than a licence to spend without constraint. The government refuses to look inward and find inefficiencies within the bloated bureaucracy.

Most provinces in Canada are paying significant sums in debt servicing. Debt servicing comes from all of the costs of providing new schools and new hospitals for their citizens, and we do not want to see Alberta follow along in this path. Confidence in Alberta's ability to manage this government's budgetary commitments is failing and falling. Since the government has taken power, numerous credit agencies – and I will repeat it again; I'm not sure how many times we've all said this, but I'll say it one more time, though – have downgraded the rating. This will make Alberta's high debt load even more expensive in the future. That's where we need this plan. We need to understand how that's going to get paid back.

Loyola: Look up the definition of triple A and double A and see what the difference is.

Mrs. Aheer: If it's not a significant difference to you, therein lies the problem. If a downgrade is not a significant enough difference, Mr. Speaker, for that to be a reasonable reason to look at the debt, therein lies the problem. That's the problem right there.

The NDP government, just like any other NDP government that has ever governed, is embarking on a course that will leave future generations of Alberta grappling with disastrous and unconstrained debt. This is the wrong course. As a mother and, hopefully, future grandmother I worry about the future of Albertans. In fact, my worry based on this bill is that my sons and their generations to come will live in an Alberta that is burdened with debt, Mr. Speaker, to the extent that taxes must be raised and the quality of services will diminish. The current generation of Albertans needs to do a better job internalizing the consequences of financial mismanagement today. This does not set Alberta on the right track.

I cannot support this bill, and I implore my fellow members of this Assembly to do the same. Thank you.

The Speaker: Are there any questions under 29(2)(a) to the Member for Chestermere-Rocky View?

Are there any other members who would like to speak? The Opposition House Leader.

Mr. Cooper: Well, thank you, Mr. Speaker. It's my pleasure to rise today and speak to Bill 10, a bill that makes significant changes to the path forward for our great province, a bill that reverses a lot of sacrifice and hard work that was done not only by previous governments but by Albertans right across this province that recognized we needed a competitive advantage, that recognized we needed to be able to attract the best and the brightest, that recognized fiscal accountability, stability, and a world-class environment for business to grow and excel, work that was done by many Albertans to see that come to reality. As such, it saw hundreds and thousands of Albertans here grow and flourish with an entrepreneurial spirit that was the envy of many around the world and also saw hundreds and thousands of people move to our great province and make their own contribution to the future of our province.

Now, what we see in Bill 10 is a real unwinding of a lot of that very good work. What we see this government doing is putting us on a path that's reckless, that's dangerous, that's ideological, one that they promised not to put us on, which I think is the most concerning. This government promised just a couple of months ago that 15 per cent debt to GDP would be more than enough. I think my hon. colleague from Bonnyville-Cold Lake did a very good job of discussing and exposing some of the comments made in this House by a number of members on the other side about just how reasonable 15 per cent debt to GDP was.

They made a promise, they made a commitment, and Albertans expect people to keep those. But that's not what's happened. That's not what this NDP government has chosen to do. They've chosen to go in an entirely new direction, in an entirely different direction. The one that I think Albertans are most concerned about and certainly disappointed about, as I travel around the outstanding constituency of Olds-Didsbury-Three Hills, is this decision that the government has made to not be accountable at all. It's possible although unlikely – there is the potential – that Albertans could have accepted some other form of debt limit, although I don't think that would be the case.

Here's what I know for certain. Albertans demand a level of accountability, a level of transparency from their government. The truth of the matter is that one of the reasons why this NDP government is in the seat of government is because the now third party had lost track of some of those core things. The challenge here is that Albertans wanted a government that was going to be more accountable. They wanted a government that was going to chart a new course when it came to levels of accountability. In fact, Mr. Speaker, that's what this government ran on. They ran on being more accountable, more transparent, respectful of the voters of Alberta. What voters got was a government that, certainly in this case, hasn't come anywhere close to keeping its word, and because they're having a problem keeping their word, they have decided to not even set the parameters that would require them to keep their word.

10:50

We've seen this in other areas, certainly through the estimates process, where there's been a history of not including comprehensive performance measures. One thing that a government will do is to remove performance measures or loosen performance measures so that it's much more difficult to measure, and that's exactly what this does. It removes all levels of accountability. It removes any transparency when it comes to the debt limit and the amount of spending that Albertans think is reasonable or acceptable, and I don't think that's the kind of change that Albertans were hoping for on the 5th of May last year. What we see here is an incredible amount of opportunity for the

government to drive up spending, to drive up debt, and to increase the weight of government on future Albertans.

I know that when I chat with my kids, I talk about the direction this government is going, because that's what all dads do with their nine-year-olds, and we play games like Monopoly so that they can understand . . .

Dr. Starke: Stock Ticker.

Mr. Cooper: . . . and Mastermind, and the nine-year-old beats me.

I talk to my kids about the future of our province, and they certainly have concerns, particularly because together with our children my wife and I are saving for our children's future, and with the work that our children do to earn, a portion of that is being saved so that from an early age they can understand this concept of the importance of how we manage our resources. The same should be said here, but we see the government giving themselves a blank cheque to spend significant amounts of money, so much so that the weight of government is going to be a true burden on our children, because the government isn't taking steps to manage today's realities, on the back of tomorrow's future. I think that is more than a little disappointing.

There's been a lot said in this Chamber with respect to the challenges around our credit ratings, the very real costs that are associated with credit downgrades, and the very fact that the presence of this bill is one of the reasons that our credit has been downgraded. I think that that is more than a little disappointing because if the government was just willing to put in some parameters around this piece of legislation, if the government was willing to get serious about the path back to balance, we could stabilize what is one of the aspects of the Alberta advantage, and that has been a triple-A credit rating over so long.

I can tell you, Mr. Speaker, that I have absolutely no challenge when it comes to voting against this bill because this bill does not move Alberta closer to what I believe Albertans are hoping for. This bill doesn't move Alberta closer to accountability, this bill doesn't move Alberta closer to transparency, and it certainly doesn't do anything to preserve what so many in this province have worked hard for in the form of our credit rating. I will vote against this bill every time that this sort of reckless legislation comes before the Assembly.

The Speaker: Are there any questions under 29(2)(a) to the Opposition House Leader?

Are there any other members that wish to speak? The Member for Airdrie.

Mrs. Pitt: Thank you, Mr. Speaker.

The Speaker: Are you under 29(2)(a)?

Mrs. Pitt: No. I'd like to speak to the bill.

I'm grateful for the opportunity to speak to Bill 10. I have some personal experience that I'd actually like to offer to this debate. When I was 18 years old, I got my very first credit card. It was exciting. I'm pretty sure I had a co-signer on this thing. It was a very exciting moment, a thousand dollars in my hand. My boyfriend at the time, who is now my husband, and I went: "Oh, this is amazing. We've got to go put something on this credit card. We've got to use it because we're going to build credit. That's a good thing, right? You know, we've got some money. We don't really have to take it out of our bank account right now. We're going to worry about that later." We went out for dinner that night, and I think we spent, like, \$50. It was a high-spending evening for us, and it was such a nice evening that we had. A couple of months later we

did pay that off, I think, in very small increments, maybe \$10 at a time. It took a while, and, you know, I paid a little bit more than I should have because the interest kicked in. That wasn't pleasant.

We got engaged a couple of years after that.

An Hon. Member: Congratulations.

Mrs. Pitt: Thank you very much. It was a wonderful engagement at the top of the ski hill at Sunshine. It was a beautiful moment. You know, I was so scared I was going to lose my ring in the snow as I went down, and that was when I was a good snowboarder. That's probably not the case anymore.

However, Mr. Speaker, my fiancé at that time and I were at Liquidation World, and they had this beautiful kitchen set. You know, that was when the high stuff was really at the peak of being popular, and it was a beautiful, beautiful wood finish. It was just absolutely wonderful. We thought: "Oh, my gosh. This thing is on sale. Oh, my goodness, only, like, \$800. This is on sale." This was, like, the newest, coolest table you could buy. We had one, I think, probably from around the garbage dump behind our building because it was free, and that's sort of what you get. "Ah, this is awesome. Our first brand new piece of furniture. We're getting married. We've got to get this."

That was my first real big piece of debt. That was the beginning of what I would call a very slippery slope. To this day this is still the kitchen set that we have. It is rickety. It is falling apart. I've been married for 10 years this summer. I hate this table. I just hate this table. It is not only a reminder of the beginning of what was a very horrible, terrible path of debt for me and my husband, but now it's falling apart, and for the life of me I can't justify buying a new one. I just can't do it.

When I say that was sort of the very slippery slope of the debt game path that we went down, shortly after that, we sort of teetered around the limit of this credit card, this thousand-dollar credit card. Lo and behold, they kept upping my limit. I couldn't believe it. This was fantastic. I had even more money that I could access without really having to pay it back. You know, there weren't any major purchases after that, but there were little ones. It was a little bit more. I hit that \$2,000 mark, and this is before the legislation changed.

Mr. Panda: You had a triple-A rating?

Mrs. Pitt: I had a triple-A rating.

I said: man, this credit card company just loves me, right? "We're just going to give her a little bit more because, you know, she makes her payments on time. She pays it back. We're just going to give her a little bit more." You know what? Before we knew it, Mr. Speaker, this credit card was at \$12,000.

Mrs. Aheer: Double wowzers. They loved you a lot.

11:00

Mrs. Pitt: They loved me a lot. We made the minimum payments, and the debt kept climbing.

Mr. Speaker, I am a fiscal conservative because I learned some lessons along the way. We had to go to the bank and say: "Help. We can't get out of this situation. We just absolutely cannot get out of this situation." We kept making more money – we did – and our income had increased, but so had the payment levels. It was a situation where there was just no way out of paying off this credit card. It was to the point where we thought: if we put 50 bucks on this credit card, we can use 50 bucks in three weeks. It made no rational sense, but we just kept doing it, and there was just that point

where we couldn't get out of this. It's horrible when you have to go to your bank and say: "Please help me. I'm in big trouble. My credit is going to take a hit. I get that, but I really need help." You know, we didn't file for bankruptcy or anything like that. We were able to sort of ask for help at the right time. But you know what? That really sucks.

What a small scale that is compared to the situation we're in right now, but it's absolutely relevant. As the stewards of taxpayer dollars in this province it's irresponsible for us to be borrowing like an 18-year-old with a first credit card. It's absolutely irresponsible. These aren't just numbers on paper; these are portions of people's paycheques. These are single mothers who are putting their tax dollars in our hands to be responsible with, to make sure that, you know, when they have a horrible, horrible accident and can no longer work, AISH is available to them. These are really important things that people rely on, and we need to be responsible with the money that's been entrusted to us.

I think we all have really big hearts in this House, Mr. Speaker, and we want to take care of everybody. We really, truly do. There is a path for that. I just really, really don't think that this is the way – I really don't – until we're able to look at the health care system and say: "What is your job? What do you do? How can we make this more efficient? How can we make sure that you are making a fair wage, that your work environment is conducive to productive behaviour that takes care of the patient?" I think we can all agree that that's really not happening right now because there's so much inefficiency within the system.

If our last-ditch effort is to borrow money on an emergency basis and that's all we have left, this is a very different conversation. Right now we are only throwing money at the problem without trying to figure out how to solve the problem. There is a way to do it. There is a way to encourage the private sector to create more jobs and not always rely on the taxpayer jobs. The taxpayer jobs are so extremely important.

I am so grateful that I have access to a doctor. I am grateful for that, but it is not prudent of us to be looking for more money while putting so many other things at risk. We've already seen this with – what? – four or five credit downgrades. That's what happens when you don't pay your credit card and the bank has got you at \$10,000 and you're not paying it anymore. Your interest rate was 9 per cent, and now it's 12 per cent, 18 per cent. Actually, back when I was 18, I think that interest rates were much higher. Those are extremely dangerous situations.

You know what? We talk about the payday loans, right? We talk about the traps that people get into when they're borrowing money, predatory lender or not. These are the traps that people get into, and this is the trap that we're in right now. We need to be very, very prudent about that.

You know, this is not what we should be teaching our children. This is not responsible behaviour. There is a way to take care of the people that we need to be taking care of but to also be very responsible with the money, the hard-earned dollars that we're entrusted with.

I really think that we need to take a step back. You know, this is now the second time we've asked to borrow more money. That's scary. We're only a year into this thing. We've seen unprecedented natural disasters that need our immediate attention, and these do require dollars. Is there going to be a point where we're not going to be lent any more money? Then what? Then you're really scrambling. Is that when we're going to find efficiencies? We need to really take care of this situation right now.

It's really frustrating, I think. Prior to being in this job, I found it really frustrating when we saw government waste, heard the scandal stories: the \$8 orange juice, you know, the exorbitant car

wash charges and car detailing, \$300 car detailing. I get that these are allowed under the rules – I get that – but it’s really frustrating as a taxpayer when I’m going to work for 40, 50, 60 hours a week and I pay my taxes, like I’m sure everybody here does. I contribute to the pool because I do like health care, I do like education, and I do like the social safety net, but I get really frustrated when it’s not spent appropriately.

For us to go back to the taxpayer and say, “Hey, we have another situation,” where we’re asking for more from the taxpayers, and then to say, “We don’t really care about what you do; the taxpayer dollars that you bring in don’t really matter because we’re not going to be responsible with them; we’re really not” – we’ve gotten to a spending situation that’s going to be very hard to get out of, and it’s going to be embarrassing. I don’t think anybody here wants that. I believe that everybody here wants to do the best thing for Alberta. There is a way back. There is absolutely a way back. It’s going to take a group effort. It’s going to take us all together to figure this thing out. We’ve got to really, really sort this out.

Is it one side versus the other, or is it: we are here to represent our constituents and all of the people of Alberta? We want to do the best job that we can do. One of the biggest things that we’re entrusted with is their tax dollars. I know for a fact that Albertans are very concerned about what this government does with their dollars. I know that people in Airdrie are very concerned about all the tax dollars that they contribute, yet they cannot get access to a doctor in our area after 10 p.m. It’s absolutely unacceptable. It’s so heartbreaking to see that there are almost favourites. That’s an issue for another day.

The issue here is really, truly being responsible stewards of the taxpayer dollar. We are the examples for future generations. When you get into a situation that is out of control, it is a boulder rolling downhill, picking up steam. The path back is a very dark one, and I don’t think anybody wants to go there. But at some point you have to address your debt. At some point you have to really, really consider what the consequences are.

11:10

We’ve been punished already. We’ve been punished with credit downgrades. You know, the number of dollars that we no longer have access to because we’re paying just the interest is appalling.

I had a visit with AARC – it’s an adolescent addictions recovery centre – and they need some help with the demand. Of course, donations are down, and they’re looking for some help from the government for the wonderful program that they run there. They’re asking for \$500,000. Wouldn’t it be fantastic if we could support youth?

The Speaker: Thank you, hon. member.

Any questions for the Member for Airdrie under 29(2)(a)?
Seeing none, the Opposition House Leader.

Mr. Cooper: I’d just request unanimous consent for one-minute bells.

[Unanimous consent granted]

Mr. Hunter: Mr. Speaker, I appreciate the opportunity to speak on Bill 10. I am very interested in . . .

The Speaker: Hon. member, have you not spoken to this bill?

Mr. Hunter: No. I spoke to the amendment, Mr. Speaker.

The Speaker: We have a record that, in fact, you may have spoken twice, once at 9:14. I’ll take it on good faith, hon. member, that you have not spoken. Please proceed.

Mr. Hunter: Thank you, Mr. Speaker. I think it’s important for the people of Cardston-Taber-Warner that I rise to speak on this issue of Bill 10. I just wanted to point out really quickly that I don’t think the Wildrose would be upset if the government was spending, as they say, to decrease the capital project deficit in this province. If that was really what they were doing here, then we would probably say: “You know what? We have a capital project deficit in this province that we need to address.” Maybe we wouldn’t say to do it all in one year, but we would say that that needs to be addressed.

The real problem, Mr. Speaker, that I face and that I’ve talked about with the constituents in my riding is this. The government is spending far too much on operational deficit. They continue to neglect the fact that we spend \$2,000 more per person in our province than the province next to us does. What they’re saying is that this operational deficit, this operational spending that this government is doing, is unacceptable.

Now, Mr. Speaker, there was a comment made by the hon. Member for Calgary-Mountain View, a concept about Keynesian economics. You know, I find it interesting that a well-versed man and a doctor, no less, would say something like that. There is mounting evidence to show that this is a failed economic experiment. The reality is that with Keynesian economics, what happens is that you spend when you are in the lows in order to make it less of a low and then you save when you have peaks. The problem is – and the evidence shows it – that very few governments actually curtail spending when that peak comes. The reason why that is is because government’s main role is to be able to earn the votes of the people. So rather than actually curtailing that spending, they ramp it up. That economic experiment of Keynesianism is actually very suspect. I find it surprising that the whole premise behind this concept that you can spend without any kind of curtailing, that this government talks about, is completely erroneous. It’s absolutely erroneous.

I just wanted to point out, Mr. Speaker, that, look, we are trying to make reasonable arguments here so that this government realizes that we are very interested in building up Alberta and building up a strong, vibrant Alberta. This is something that we believe in very strongly on this side of the House, and I believe that that side of the House believes it as well. The problem is that they are protecting their union buddies. [interjections] Absolutely. That’s what’s happening. This is what concerns us. There cannot be a duplicity in this province. I hear it everywhere I go. [interjections] We have a situation . . .

The Speaker: Remember that the hour is getting late. Hon member, be conscious of the hour and the time. Please proceed.

Mr. Hunter: I will.

Mr. Speaker, we have a situation in this province where there are private-sector workers who feel that there is a double standard in this province. It’s unacceptable. This province needs to be fair to all, to everyone in this province, union and non-union, and this is the problem. This is the reason why we can’t get our spending under control.

Mr. Speaker, the reason that I am speaking not in favour of this bill is because it is flawed at its core. The concept that you can continue to spend and have no kind of spending restraints at all: there is no place in the world that can do that unless you have a tree that you can grow money on, and there’s no such thing. How can we allow the government to continue to kick the can down the road and say – you know, now it’s going to be 2024 or something. Well, it’s great to make those promises, but the promise was also made at the last election that they were going to balance the budget in this term. Now, unfortunately, because they don’t recognize the value

of the money and recognize that they need to be careful with the money, we're in a situation where we don't have a debt ceiling anymore. We're destroying it.

Mr. Speaker, I am adamantly opposed to Bill 10, and the people in my riding wanted me to say that. Thank you very much.

The Speaker: Any questions under 29(2)(a) to the Member for Cardston-Taber-Warner?

The hon. Minister of Finance to close debate.

Mr. Ceci: Yes. Thank you very much. Bill 10, the Fiscal Statutes Amendment Act, 2016, is in service of our three-year fiscal plan, the Alberta jobs plan, Mr. Speaker. The Alberta jobs plan carefully manages spending. The Alberta jobs plan will invest in Alberta now through capital projects across this province, and it will diversify the economy, and it will support Alberta businesses.

I was heartened by the words of Calgary-Mountain View as a representative a little while ago because he clearly understood where this budget is at. Our fiscal plan, our budget, published and passed last week, is available for all Albertans to see and to judge. We are proud of this budget. It is what Albertans voted for on May 5 when they looked at the various platforms. They did not support the platform of that party over there.

11:20

The opposition wants to balance the budget. They want to do it. There's an approximately \$8 billion drop, we know, from the resource royalty revenues from about two years ago to this year. That's approximately 80 per cent of this deficit this year. To balance the budget, the opposition would have to make extreme cuts to the public service. They would have to fire teachers and nurses, they would have to cut supports for seniors, and they would have to abandon the most vulnerable in this province.

That is not what the Alberta jobs plan will do, Mr. Speaker. We will stand by Albertans. We will support families and communities. We will invest in this province and its infrastructure. We will diversify our energy industry in the market. And we will support Alberta businesses. Our government will balance the budget but not on the backs of Alberta families like they will. The opposition wants to return to the mistakes of the past with reckless and extreme cuts to health care and education. We're not going to do that. We are going to invest. We want to build Alberta. They want to tear it down.

We heard lots of talk about restraining spending. Well, let me just tell you, Mr. Speaker, that in the short time we've been here, we have carried on the restraint in hiring that the previous government instituted in late 2014. We've carried that on. It means that all approvals for new hiring have to go through the DM's level and through CHR, the corporate human resources department.

We have instituted an ABC review, agencies, boards, and commissions. We are in the first phase of that. The first phase has either reduced or amalgamated or eliminated 26 boards and agencies, for a savings over three years of \$35 million. That's the first phase of the review. We have two more phases to go, and we're involved in those at this point in time.

With regard to a wage spending restraint let me just tell you something that we've done that they wouldn't have done because they don't even – that they wouldn't have done. Addressing operational spending, we looked at wage reviews of politicians' salaries. We froze them for the length of this term. Political staff are frozen. Managers and opted-out people are frozen, and their salary grids are frozen as well. The CEOs of 27 ABCs are in the first group that we're looking at, to assure ourselves that those people are getting the right wages, and we're going to track those along the lines of the public service managers. We are doing significant work.

You know, we're going to be doing more – more – restraint work as we go forward. That doesn't seem to fix on the radar of the opposition at all, but we will be doing that work.

On the topic of credit ratings or credit downgrades or adjustments just let me tell you that Alberta is not unique in that. What I mean by that, on that point, is that you only have to look at the newspaper, Mr. Speaker – you only have to look at the newspaper – on any day, and you'll see that credit reviews are happening everywhere. They're happening everywhere in every energy-producing company, many of them in this province. They are all getting reviewed by credit-rating agencies. Other provinces, states, and territories: the same thing. Sovereign states and countries: the same thing. Yet this opposition looks at us and says: wait; Alberta is something different and unique from the rest of the world. Well, I can tell them that that's not accurate. What is accurate is that every energy-producing company, state, and country is being downgraded because of the price of oil. The price of oil.

One of the things that the bond-rating agencies identified in their report was that, you know, if you look at – Alberta, you have the ability because you can take some steps on the fiscal measures side, so if you want to address this more rapidly and not get downgraded, you can do that. I said to them that that would put rather severe restraints on our public services. Those rather severe restraints on our public services would mean that those same children that they're talking about and future children would not have the high-quality program supports that Alberta has been known for and continues to have, and that's not what Albertans voted for.

If the opposition is saying that we can address the deficit more rapidly, then they're saying one thing, and they're not saying anything that Albertans want. They're saying that we can bring in a PST. That is not something we are going to do. We are only going to address this in a reasonable way. We are not going to address it on the backs of Albertans, with a PST, because taking any more money out of the economy is not what Albertans need at this time.

Lastly, Mr. Speaker, I will say again that this government has a responsible plan in front of Albertans. They can read the plan. We are doing the work that Albertans need at this time, and that is to have a shock-absorber budget so that they don't suffer the effects of that party over there. This party will stand with Albertans.

Thank you very much.

The Speaker: Hon. minister, you're moving third reading. Is that correct?

Mr. Ceci: That's right.

[The voice vote indicated that motion for third reading carried]

[Several members rose calling for a division. The division bell was rung at 11:27 p.m.]

[One minute having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Babcock	Ganley	McCuaig-Boyd
Bilous	Gray	McKittrick
Carlier	Hinkley	Nielsen
Carson	Hoffman	Notley
Ceci	Horne	Piquette
Connolly	Jabbour	Rosendahl
Coolahan	Kazim	Sabir
Cortes-Vargas	Kleinsteuber	Schreiner
Dang	Littlewood	Shepherd
Drever	Loyola	Sucha
Eggen	Malkinson	Turner

Feehan
Fitzpatrick

Mason

Woollard

Totals:

For – 37

Against – 13

[Motion carried; Bill 10 read a third time]

11:30

Against the motion:

Aheer

Hunter

Panda

Barnes

Jansen

Pitt

Clark

Loewen

Rodney

Cooper

MacIntyre

Starke

Cyr

The Speaker: The Deputy Government House Leader.

Mr. Bilous: Thank you, Mr. Speaker. Seeing the progress that we made this evening and looking at the clock, I move that we adjourn until 10 a.m. tomorrow.

[Motion carried; the Assembly adjourned at 11:32 p.m.]

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